



ANGUISH AFTER EXPLOSION — A bystander comforts the mother of one of 18 persons hurt in the bombing of a Paris theater during a Jewish film festival. About 6,000 people marched Sunday in protest. Page 2.

Greece Agrees to Accession

EC Overcomes Objections to Spain, Portugal

By Steven J. Dryden
International Herald Tribune

BRUSSELS — Greece has withdrawn its threat to veto the entry of Spain and Portugal into the European Community after EC leaders approved an aid program for Greece and other Mediterranean nations of the community.

The Greek decision Saturday removed the last major obstacle to the entry of Spain and Portugal into the community by Jan. 1, the target date for membership. The Iberian nations agreed Friday with the EC on terms of entry.

EC leaders, on the final day of their summit meeting Saturday, approved a seven-year program of grants and loans totaling 6.6 billion European Currency Units (\$4.75 billion) to help the poorer regions of Greece, Italy and France adjust to the increased economic competition resulting from the membership of Spain and Portugal.

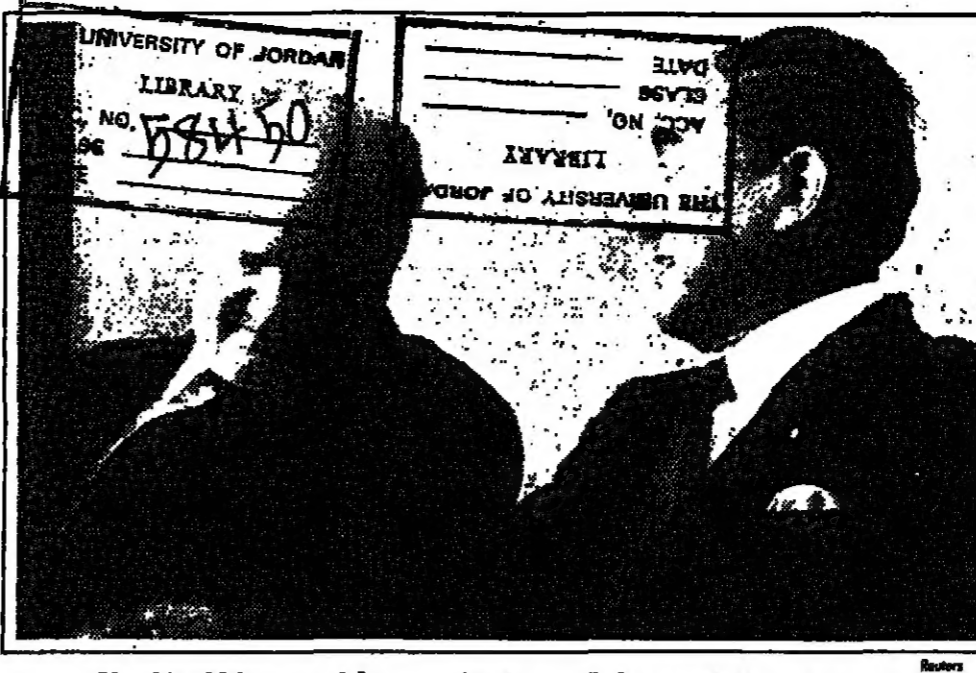
Greece will receive at least 2 billion ECUs from the program in the form of grants and aid from existing EC agricultural and regional funds.

Prime Minister Andreas Papandreu of Greece had threatened to block the entry of Spain and Portugal if his country did not receive sufficient aid from the special fund, known as the Integrated Mediterranean Programs. Greek officials had said they wanted 2.5 billion ECUs.

Following the conclusion of the summit meeting, Theodoros Pangalos, the Greek secretary of state for EC affairs, said that the amount of aid approved for Greece was "not the agreement we hoped for, but it is a successful solution."

EC officials said that Greece had been under pressure from other member states not to block the entry of Spain and Portugal.

During the summit meeting, the EC leaders also discussed the Stra-



Yasuhiro Nakasone, right, met with Gaston J. Sigur, a U.S. trade envoy.

Nakasone Meets U.S. Envoy on Trade Dispute

By John Burgess
Washington Post Service

TOKYO — A personal representative of President Ronald Reagan met Sunday with Japanese foreign minister, Shintaro Abe.

Members of the Japanese cabinet met Saturday to discuss measures to open markets. Mr. Nakasone has promised that the changes will be announced April 9. But no conclusions were reached at the meeting.

In addition to steps in telecommunications, the government has promised action to facilitate sales to Japan of electronics equipment, forestry products, medical equipment and pharmaceuticals.

The U.S. Senate, reacting Thursday to news that Japan planned to increase auto exports to the United States by 450,000 vehicles a year, voted 92-0 in favor of a nonbinding resolution calling on Mr. Reagan to retaliate with tariffs or quotas against Japan unless it took steps to open its markets.

Such pressure from Washington has created resentment among Japanese officials; they contend that their country is being made a scapegoat for a trade imbalance that is primarily the fault of the United States.

Threats of retaliation in the U.S. Senate resolution have particularly angered some members of the governing Liberal Democratic Party. They are said to be talking ways that Japan might retaliate.

Officials here now talk routinely of frustration in dealing with Americans. They say Washington should recognize that Tokyo is making serious concessions to open its markets.

A Japanese involved in the talks said "U.S. congressmen and senators are shying away from factual details."

Another official said: "The perception is growing in the United States that the Japanese will not do anything unless they are beaten up." There is a danger that "antagonism will flare up at both ends, feeding on each other," he said.

In a speech last week to the Foreign Affairs Committee of the House of Representatives, Mr. Reagan said that Japanese industry could not help but make some sacrifices in the process to open markets.

Mr. Sigur was scheduled to meet later Sunday with the Japanese foreign minister, Shintaro Abe.

Emerging from the meeting with Gaston J. Sigur, a National Security Council staff member, Mr. Nakasone said that they discussed the full range of trade issues.

"We talked a lot about how to collaborate," he said.

Mr. Sigur declined comment after the unusual Sunday meeting at Mr. Nakasone's office.

[A Japanese Foreign Ministry spokesman said that Mr. Sigur delivered a personal letter from President Ronald Reagan urging that a high-level decision be made to resolve trade friction. The Associated Press reported.]

U.S. and Soviet Generals To Discuss Major's Death

By John M. Goshko
and Michael Weisskopf
Washington Post Service

WASHINGTON — Secretary of State George P. Shultz and the Soviet ambassador to the United States, Anatoli F. Dobrynin, have agreed that the commanders of U.S. and Soviet forces in Germany would meet to discuss ways to prevent such incidents as last week's fatal shooting of a U.S. Army major by a Soviet soldier in East Germany.

The agreement, reached Saturday during a 70-minute session at the State Department, was described by Mr. Dobrynin and a spokesman for Mr. Shultz as intended not only to forestall such use of force but also to ease tensions that followed the killing of Major Arthur D. Nicholson Jr. at Arlington National Cemetery in Arlington, Virginia.

There were signs that some officials in the Reagan administration want a tough response to the Soviet Union. But the agreement between Mr. Shultz and Mr. Dobrynin appeared to reflect a decision by both governments not to allow Major Nicholson's death to interrupt efforts to improve relations on a broad range of issues, including the arms talks in Geneva and possible meeting between President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev.

Major Nicholson, an army liaison officer operating in East Germany, was shot March 24 by the sentry near a storage building. U.S. officials maintain that he was permitted to make observations and take photographs under the long-standing ground rules of what they called a "cat-and-mouse game" played by U.S. and Soviet intelligence-gathering teams in East and West Germany.

The Soviet Union has contended that Major Nicholson was caught spying and was shot only after he ignored the sentry's warning shot and tried to flee.

The Reagan administration indicated last Wednesday that if the Soviet Union did not take constructive steps to prevent such incidents, the United States would be forced to consider retaliatory measures. However, a spokesman for Mr. Shultz said that Saturday's agreement was the kind of response the United States wanted.

"We are very pleased with this agreement to have our commanders in chief get together to discuss this matter and to ensure that there will be no repetition of such episodes," Mark Palmer, a deputy assistant secretary for European affairs, said on Mr. Shultz's behalf.

Mr. Dobrynin said that "the commander in chief of the group of Soviet forces in Germany and the commander in chief of the U.S. Army in Europe and their representatives would establish contacts to discuss questions related to doing this entire matter and also to consider possible measures to prevent incidents with the members of the intelligence liaison missions."

However, a more combative tone was taken earlier Saturday by Defense Secretary Caspar W. Weinberger. Returning to Washington from meetings in Europe, Mr. Weinberger said on his plane, "I don't think the subject is finished by any means."

While emphasizing that the United States was unlikely to do anything that might scuttle hopes for a summit meeting, Mr. Weinberger said the administration was studying "other means of conveying to the Soviets our repulsion and supreme anger" over the killing of Major Nicholson.

State Department officials pointed out that when Mr. Weinberger made his comments, he probably was unaware of what had happened at the Shultz-Dobrynin meeting.

The officials also said that there was unanimous agreement in the administration that Major Nicholson's killing was "a reprehensible and inexcusable act," but they denied there was any split about how the United States should handle the situation.

France is considering selling some nationalized holdings.

By Axel Krause
International Herald Tribune

PARIS — The French government is considering selling its holdings in industrial companies it nationalized in 1982, according to Edith Cresson, the minister of industry, and senior executives of several state-owned companies.

Even a partial denationalization would represent a major political reversal for the Socialist government, which came to power in May 1981 proclaiming that nationalization was the means to stimulating economic growth and investments.

The executives, who spoke on the condition they not be identified, said Sunday that they were surprised by the disclosure of the proposed move by Mrs. Cresson, which appeared Saturday in an interview with Liberation, a leftist Paris daily.

Mrs. Cresson provided no details, nor did she identify the companies the government was considering for partial denationalization. Company executives said Sunday, however, that the government appeared to be thinking, primarily about Rhone-Poulenc SA, France's largest chemical company; Pe-

France Is Considering Selling Some Nationalized Holdings

By Axel Krause
International Herald Tribune

chinery Ugine Kuhlmann SA, a metallurgical company; Cie. de Saint-Gobain, a diversified maker of glass and other building products; and Cie. Generale d'Electricite, an industrial holding company with important interests in telecommunications and electrical equipment manufacturing.

Each of the four nationalized companies reported profits for 1983 and 1984. The four are expected to report increased earnings in 1985. The government also is considering selling shareholdings in other companies nationalized in 1982, notably the Thomson electronics group, and Bull, France's leading maker of computers. Both substantially reduced their losses in 1984 from the year earlier, and expect to be profitable this year or next.

Aides to Prime Minister Laurent Fabius also raised the possibility of selling the shares during recent confidential conversations, an executive of one of the companies said.

"The interview is clearly deliberate, a trial balloon to test reaction of the unions and left-wing political groups," an executive said. "It also shows how Mr. Fabius, and

other ministers, are increasingly shifting their thinking on economic policies to the political right."

During the past several months, deputies of opposition parties in the National Assembly, and several law firms in Paris, have been preparing strategies for the possible return of state-controlled companies to private ownership in the event the Fabius government loses the 1986 legislative elections.

Mrs. Cresson, noting the reductions of state holdings in companies currently under way in West Germany and Britain, told the newspaper that she considered it "absurd" to approach the issue in a "systematic, ideological" manner, and that if the government decides to reduce its holdings, on a case by case basis, "why not?" She said that in selected cases, and with a view to generating funds for future investment, she would not oppose reducing the government's shareholdings in industrial companies.

Mrs. Cresson also said that the government would probably decontrol automobile retail prices in June. Auto prices have been frozen since shortly after the government took power.

France is considering selling some nationalized holdings.

Sidon Battles Continue; Dead in South Put at 43

The Associated Press

SIDON, Lebanon — The fighting around this port city continued Sunday, a day after at least 41 persons were reported killed and more than 90 were wounded, as Christian militiamen in the hills to the east battled Moslem and Palestinian fighters in neighborhoods on the city's outskirts. Two persons were reported killed Sunday.

The army base, both of which were returning fire.

The 12 days of fighting around Sidon involved Palestinians for the first time on Friday. The fighting began between Christians and Moslems in the mountains east of Sidon; Moslem units of the Lebanese Army, reportedly joined the battle.

Efforts to end the violence have failed, with several cease-fires having gone unheeded. All roads that link Christian areas with Sidon were cut. Six battalions of the Lebanese Army, about 5,000 men, took up positions around Sidon after Israeli forces withdrew Feb. 16.

The casualty count from Saturday's battles and the Israeli raid outside its occupation zone came from police sources. Some newspapers and officials gave figures that would raise the death toll to more than 50.

In Beirut, meanwhile, two of the recent kidnapping victims have been released, Danielle Perez, a French citizen kidnapped in West Beirut on March 22, was freed unharmed by her captors Sunday, and Brian Levick, 59, a British businessman, was freed Saturday.

In announcing the release of Mrs. Perez, a French Embassy spokesman said that she "was well treated and she is in excellent health."



A Palestinian searched for the body of his son at the morgue of Sidon hospital following the weekend fighting.

spokesman said that she "was well treated and she is in excellent health."

U.S. Reportedly Warns Iran

The United States has secretly warned Iran it faces military retaliation if Americans kidnapped in Lebanon recently are tried or executed, United Press International quoted The Sunday Times of London as reporting.

Western intelligence sources said the White House delivered the warning in a message to Iran at the beginning of March, the paper reported.

Five Americans were still missing after being kidnapped in Beirut in the past year. Islamic Jihad, an extremist Moslem group with connections to the Shiite regime of Ayatollah Ruhollah Khomeini, has said it is holding all five.

Panel Secretly Approves U.S. Military Payroll Cut

By George C. Wilson
Washington Post Service

WASHINGTON — The Republican-controlled Senate Armed Services subcommittee on manpower has voted in a secret session to cut the Pentagon payroll by 175,000 people over the next two years to help hold down military spending.

The cut, if enacted, would require a reduction in the active duty force of the army, navy, air force and marine corps by 75,000 uniformed personnel and the Defense Department's civilian work force by 100,000 employees over fiscal 1986 and 1987.

At the same session, the subcommittee voted to delay President Ronald Reagan's recommended 3-percent pay increase for the military to January from July, when it would be raised to 4 percent.

The manpower subcommittee's votes were the first congressional actions dealing with specific details of Mr. Reagan's \$313.7-billion fiscal 1986 military budget request. The Senate Budget Committee voted earlier to cut his overall budget by about \$18.5 billion, but that action is not binding and does not deal with individual programs.

The subcommittee actions indicate that the Republican majority

on the Senate Armed Services Committee has targeted manpower and such proposals as the "Stealth" bomber to reduce the total military budget while saving jobs tied to such active programs as the MX missile, B-1 bomber and Navy shipbuilding.

Of the actions taken by Congress on the new military budget, Pentagon officials are most upset about the proposed manpower cuts, especially for the active duty forces.

"It would be back to the hollow army and new ships being delivered without enough people to run them," said a Defense Department executive, who declined to be quoted by name on the ground that the Senate subcommittee's actions officially are secret.

Republicans voted against Mr. Reagan and Democrats for him on the manpower issue in the subcommittee last Thursday, sources said.

Mr. Reagan's new military budget calls for increasing active duty strength of 2.15 million people in uniform by 27,000 and the civilian work force of slightly more than one million by 18,000.

If the subcommittee recommendation is followed, the active duty strength of the military would be

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Kennedy Hints at Presidential Race

By Don Phillips
Washington Post Service

WASHINGTON — Senator Edward M. Kennedy has strongly signaled his interest in running for the presidency in 1988, hinting that he no longer feels constrained by family considerations that kept him out of the 1984 race and saying, "I'd like to be president someday."

In an interview with The Boston Globe, in speeches Friday at Hempstead, New York, and in a strategy session Saturday of Democratic senators in Shepherdstown, West Virginia, the Massachusetts Democrat, 53, hinted at his plans and admonished the Democratic Party to steer a more moderate course for 1988.

Until now, Mr. Kennedy has not been so specific about his plans. "I've always said I'd like to be president someday," he said in the interview with The Globe, "though my sense from my own contacts with people around the country is that they're still too exhausted from the last election to be focusing on the next."

"I will maintain my political commitments and contacts, and hopefully there is something that could

be readily activated should any decision come," he said.

The Globe quoted senior Kennedy advisers as saying that a decision was at least a year away.

Mr. Kennedy was defeated in his 1980 bid for the Democratic nomination by President Jimmy Carter. He did not run in 1984, citing personal and family considerations. But he told The Globe, his hometown newspaper, that "My children and the other members of my family I feel responsible for are clearly doing very well today."

Mr. Kennedy's previous attempts to seek his party's presidential nomination have been damaged by the incident known as Chappaquiddick. A staff member, Mary Jo Kopechne, drowned in 1969 when a car driven by the senator fell from a bridge on Chappaquiddick Island off the Massachusetts coast.

Mr. Kennedy emphasized in the interview that he would be satisfied to remain a senator from Massachusetts.

"When the Republicans took over the Senate, I thought there would be less opportunity to shape policy," Mr. Kennedy said. "But

with the loss of so many able and gifted Senate members, there has been an increasing vacuum. I have welcomed the chance to be involved, and it's become very interesting and challenging work, though I still feel the frustration in terms of taking ideas and turning them into policies."

Mr. Kennedy's weekend politicking began Friday at Hempstead with a symposium on the presidency of his assassinated brother, John F. Kennedy. He served notice that he would be at least a major force in the debate over the party's future.

He called on Democrats to steer a more centrist course and avoid becoming the party of special interests.

"As Democrats, we must understand that there is a difference between being a party that cares about labor and being a labor party," he said. "There is a difference between being a party that cares about women and being the women's party. And we can and we must be a party that cares about minorities without becoming a minority party. We are citizens first and constituencies second."



Senator Edward M. Kennedy

He accused Democrats of losing "the feeling of hope, the spirit of change" that had marked the party, and he called for a re-examination of the party's positions.

"We cannot and should not depend on higher tax revenues to roll in and redeem every costly program," Mr. Kennedy said. "Rather, those of us who care about domestic progress must do more with less."

He said Democrats must show "the courage to discard" outdated programs.

Model Town Is Trouble Spot for South Africa

By Allister Sparks
Washington Post Service

EKANGALA, South Africa — Julius Masopha is the community leader of a new township that the South African government has held up as a model of its reformist policy for blacks. Yet, Mr. Masopha was hiding from the police over the weekend, fearing arrest because his model township has become another trouble spot in the widening arc of racial unrest.

The minister in charge of black affairs, Gerrit N. Viljoen, said recently in an American television broadcast from South Africa that the township, called Ekangala, was a shining example of the government's new policy of "orderly urbanization" for Africans.

South Africa of President Pieter W. Botha, where the talk is of reform but racial unrest is getting worse.

Ekangala is, in fact, the centerpiece of a major exercise in social engineering.

Having acknowledged the impossibility of a key feature of the apartheid ideology, which was to keep blacks out of the cities, the Botha government now accepts their permanence but its planning suggests that it wants to cushion the effect of this decision by holding as many as possible at a maximum commuting distance.

The growth of black townships such as Soweto, which are close to the big cities, is being restricted. Outer industrial belts are being created, up to 100 miles (160 kilometers) away. Economic incentives are used to encourage industries to set up there, and the provision of housing is manipulated to compel black workers to live in townships in these new "growth points." High-speed trains are planned to carry long-distance commuters to jobs in the cities.

Where possible, the new commuter townships are incorporated in tribal "homelands" scheduled for nominal independence so that politically, as well, they do not impinge upon what is regarded as "white" South Africa.

Ekangala, 75 miles northeast of Johannesburg, is the nucleus of the outer belt being established for the Witwatersrand region,

named for a 60-mile-long ridge with Johannesburg at the center. Ekangala is planned to have a population of 300,000 in 15 years. An industrial complex called Ekindustria is rising from the veld, or grassland, nearby.

Charles Marx, chairman of an organization called the East Rand Administration Board, which administers black affairs in the area, outlined the rationale for establishing Ekangala.

"The population of the Witwatersrand has already outgrown the infrastructure of the area, so decentralization is essential," Mr. Marx said. "It would be better for industrialists to move now to areas where land is not so expensive and labor is cheaper."

The provision of housing in existing black townships along the eastern Witwatersrand is being slowed. Thousands of dwellings determined to be illegal are being demolished. People desperate for houses are told they must go to Ekangala.

Julius Masopha, 27, was one of those who was forced to make this choice, even though he works in the western Witwatersrand, which means he spends six hours commuting by bus every day.

He was not unhappy about it. Physical conditions in Ekangala are better than in other black townships along the Witwatersrand. The houses have electricity and running water.

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AMERICAN TOPICS

Meese Test on Judges: 'Sanctity of Life'

Edwin Meese 3d, the new U.S. attorney general, says his Justice Department will seek appointees who believe in "the sanctity of human life" to fill 114 federal judgeships, The Washington Post reports.

"I think they should have a feeling for the sanctity of human life," Mr. Meese said of the judges, "but I don't think that we'll use any litmus test that relates to abortion or anything like that." He said he was talking about "a general concept and approach."

Advocates of the right to choice in abortion argue that such phrases as "sanctity of human life" are used to mean "anti-abortion."

More Straight Talk From Harry Truman

David G. McCullough, a writer and historian, recently recalled, as recounted in The New York Times, that President Harry S. Truman's secretary of state, Dean Acheson, in going over a Truman speech draft, questioned the sentence, "Now I want to talk to you about these things."

Mr. Acheson said it would sound more informal to say



Harry S. Truman

"talk with you" because "to you sounds as if you're laying down the law."

Truman reflected for a moment, then replied, "Somebody has to lay down the law around here some of the time. Some people confuse liberty and license; they think this country owes them nothing but privileges, and that nobody ought to lay down the law to them about their moral responsibilities. Let's just say so."

Notes About People

Howard H. Baker Jr., a Tennessee Republican and former Senate majority leader who is considering running for president in 1988, says presidential election campaigns are too long and expensive. He told the

Commission on National Elections, a bipartisan study panel, that contributions by political action committees and labor unions should be banned. He also said shorter campaigns would be encouraged if the federal government delayed granting of campaign funds until after Jan. 1 of an election year.

Arthur F. Burns, 80, who is retiring as ambassador to West Germany this spring, says he is not leaving his post because he is tired of Bonn or because he feels burdened by his duties or his age. Mr. Burns, a longtime economic adviser to presidents, has told friends he wants to write two books on monetary policy and feels that now is the time to get started.

Does John A. Zaccaro rue the day his wife, Geraldine A. Ferraro, agreed to run for vice president, thus leading to court proceedings over his financial affairs? Not at all, says Ms. Ferraro, who recently told a National Women's Political Caucus meeting in Washington, "John and I have been talking about the campaign over the past couple of weeks. And John said to me, 'Yes, Gerry, it was worth it. And, yeah, if we had it to do over again, we would do it over again.'"

Dee Snider, lead singer for Twisted Sister, a rock band, said during a stop in Phoenix, Arizona, that hard rock is the music for youth these days because "no self-respecting kid wants to listen to a band that his father approves of."

Short Takes

California wants to move the border with Oregon north by a quarter of a mile or so, (about a half a kilometer), correcting an error made when the line was drawn in 1868 by Daniel Majors, a surveyor who had to contend with earthquakes, defective instruments and, according to bottles found buried at his camping sites, a fondness for champagne. Projecting the error for 200 miles (320 kilometers) offshore, to the limit of U.S. sovereignty, involves 12,000 acres (4,850 hectares) of ocean bed that may be rich in oil and minerals.

Volunteers on Cape Cod, Massachusetts, are helping to plant nearly 1,000 acres of sand dunes, some of them 80 feet (24 meters) high, with beach grass to stabilize migrating dunes that have threatened highways and historic sites. A bare dune, with sand blowing over the top and collecting on the leeward side, can move as much as 20 feet a year.

—Compiled by ARTHUR HIGBEE

Costa Rica, U.S. Company Reach Accord On Land Sale

By Joanne Omang
Washington Post Service

WASHINGTON — The government of Costa Rica has bought the banana plantations on its west coast from United Brands Co. and will convert them to growing cacao beans, which are used to make chocolate.

An agreement signed last week transfers 4,200 acres (1,700 hectares) and 500 buildings to Costa Rica for about \$1.24 million. The pact was the result of talks that began in mid-1983 with the assistance of the U.S. Embassy.

United Brands, formerly United Fruit, is also turning over free a wharf and a railroad with eight locomotives and about 200 freight cars, and will sell its 3,000 employees their homesteads and pay them about \$5 million in severance, according to George M. Skelly, United Brands senior vice president and general counsel.

"It's all a gesture on our part," Skelly said. "We just could not continue putting money in the banana business there. It just wasn't economical."

The Costa Rican government, which feared unemployment riots and an economic crisis from a sudden departure by United Brands, expressed satisfaction with the agreement.

"It's a solution that is satisfactory for us and for them and especially for the landless workers," Ambassador Fernando Zumbado said. "Cacao will work out very well and permit even a little industrialization. The support of the U.S. government was a determining factor."

Also pleased, and relieved, was the State Department, which was caught during the talks between its traditional defense of U.S. corporations abroad and the Reagan administration's desire to bolster Central America's premier democracy.

"If United Brands is happy and Costa Rica is happy, we're happy, believe me," a State Department official said.

The pact takes United Brands out of the banana-growing business it started in Costa Rica at the turn of the century. Its banana and palm oil operations on Costa Rica's east coast will not be affected, but these now involve only buying and shipping fruit grown independently.

The west coast plantations included schools, hospitals, stores and housing for 3,000 employees. About 47,000 other Costa Ricans earned a living directly or indirectly from them, according to Costa Rican estimates. The company also paid an estimated \$40 million a year to the government in concessionary payments and taxes on exports and workers' incomes.

Salvadorans Vote For Legislature

Reuters
SAN SALVADOR — Citizens of El Salvador voted Sunday in elections for the national Constituent Assembly and municipal offices in 262 cities.

Rightist parties opposed to President José Napoleón Duarte, a Christian Democrat, held 36 of the 60 seats in the unicameral legislature. It appeared unlikely that the president's party could overcome this majority in Sunday's vote.

The elections represent the final step in the U.S.-backed effort to create the country's basic political machinery. A previous national vote in 1982 and a presidential election in 1984 led to the writing of a new constitution, the appointment of a supreme court, and the election of Mr. Duarte last June.

2 Killed as Waves Hurl Hovercraft at Pier in England

Reuters
DOVER, England — Huge waves hurled a Hovercraft against a pier in Dover harbor, killing two persons, the police said. Thirty-six persons were injured and at least one was missing.

The crash Saturday was the first serious accident involving a Hovercraft, a craft that rides over water on an air cushion, since the vessel was introduced on the route between Britain and continental Europe in the 1960s.

Police said the Princess Margaret, carrying 370 passengers and 18 crew members, was entering the port from a trip from Calais, France, when the accident happened. The collision tore a hole in the Hovercraft's side and buried 15 persons into the sea, the statement said.

It said that a South American-born woman was taken dead from the sea and that a male passenger died later in a hospital.

A 13-year-old British girl was missing and a French boy from a party of students was not accounted for. But officials said they were not certain that he had been aboard the craft.

Avalanches in Alps Kill 3

The Associated Press
BERCHTESGADEN, West Germany — Avalanches on two mountains in the Bavarian Alps killed three ski patrol members in two incidents this weekend, police said Sunday.



GETTIN' DOWN — Prince Charles breakdancing at a discotheque at Middleton-on-Sea, in southern England. He was in the region to meet unemployed youth.

U.S. Wants to Cut Back On Statistics Services

By Martin Tolchin
New York Times Service

WASHINGTON — The Reagan administration has proposed a sharp reduction in government efforts to gather and disseminate statistics about life in the United States.

Under the proposal, contained in a directive drafted by the Office of Management and Budget, the budget office would have authority over all information-gathering efforts by federal agencies. The agencies would have to show that the efforts were essential to their mission, that they were not likely to be performed by the private sector and that their benefits outweighed their costs.

The directive would apply to labor and health statistics, housing data, economic and trade figures, environmental reports and other kinds of information.

Supporters of the idea say it would save billions of dollars spent each year for unnecessary information. But critics contend that the value of government information cannot be measured by its cost alone. Information gathered by the government and made available to the public creates an informed electorate, they say. And, they add, reducing its flow would reduce the accountability of government.

The proposal has been distributed to government agencies for their comments. Although the directive could be altered or even rescinded because of the comments, officials at the budget office said they expected it to take effect in the fall.

The administration has already reduced the amount of information available to the public by increasing the authority of government officials to classify information, cutting back on the collection of statistics and eliminating hundreds of government publications.

But the American Library Association considers the directive the most extreme step the administration has taken.

"It's a real trend of this administration to limit public access to information," said Eileen D. Cooke, the association's executive director and director of the association's Washington office. "We're telling our members to tell their users, business people and consumers, that they're going to be cut off at the pass."

Miss Cooke questioned the cost-benefit criteria the directive would establish.

"What is the dollar benefit of an informed citizenry?" she said. "What is the dollar benefit of housing statistics or health statistics? How do you define 'essential'?"

"Nowhere in this document is there any recognition of government's responsibility to provide information to its citizens," she said. "The entire thrust is to reduce the accountability of government."

Asked to comment on Miss Cooke's assertions, Edwin L. Dale Jr., spokesman for the budget office, said: "This is a proposal and we are now in a comment period. Comments will be taken into account."

Bob Willard, vice president for government relations at the Information Industry Association, said the government had "too often provided a product that was more commercial than was appropriate for the government to offer."

The association is made up of 400 companies that sell information. Members include Dow Jones & Co., Dun & Bradstreet, International Business Machines Corp., McGraw-Hill, the New York Times Co. and The Washington Post Co.

"Should the government print newspapers?" he said. "Since there's a diversity of people within a democracy, there has to be a diversity of information suppliers."

The draft said the mere fact that an agency had accumulated information "is not itself a valid reason for creating a program to disseminate the information to the public."

A White House Center of Influence
Envoy Knows National Security Council Eclipses Cabinet

By Bernard Gwertzman
New York Times Service

WASHINGTON — According to Jeane J. Kirkpatrick, who stepped down last week as chief representative to the United Nations, "they are the highest, frankest, most authoritative discussions of United States foreign policy."

She was talking about the meetings of President Ronald Reagan's National Security Council.

Mrs. Kirkpatrick regularly attended these meetings, but her successor, Vernon A. Walters, will not, at least not on a regular basis. Secretary of State George P. Shultz, who wanted to limit the power of the UN representative, won the White House's agreement not to renew the NSC pass for Mr. Walters.

So upset was Mr. Walters at losing the privilege of attending all NSC sessions that he reportedly came close last week to resigning even before the Senate had had a chance to approve his nomination.

It was the kind of story that could be understood only by those familiar with how power is perceived in Washington. Mr. Walters had already been assured that he would have full cabinet status, carrying on the anachronistic tradition started by President Eisenhower, who decided to put his campaign adviser, Henry Cabot Lodge, in the cabinet as well as at the United Nations.

Eisenhower had no grand strategy in suddenly elevating his UN ambassador to cabinet status; he simply wanted to have Mr. Lodge around the White House. To outsiders, cabinet status might seem the ultimate one could hope to achieve.

That might have been true in 19th-century Washington, but the reality of life in Washington these days is that cabinet meetings, in the words of Zbigniew Brzezinski, the national security adviser to President Jimmy Carter, are "almost useless."

Mr. Brzezinski said they were so boring that he used to catch up by reading magazines on his knees during the meetings. They are no more lively in this administration, where Mr. Reagan has been known to doze off from time to time, according to his aide, Michael K. Deaver.

Thus, being a cabinet member, while symbolically important, may have less power than meets the eye. Power in Washington is counted in terms of information. The more secret the information is, the more a person with access to it counts.

Henry A. Kissinger, national security adviser to President Richard Nixon, rose so quickly to prominence because Mr. Nixon and he

hoarded the most important diplomatic and military secrets.

Since NSC meetings, by their nature, are highly restricted, with the agenda of the sessions itself a classified secret, just being allowed to attend earns the participant additional

NEWS ANALYSIS

national standing. But beyond that, the council decides things.

Under the law that created the NSC in 1947, the only statutory members are the president, the vice president, the secretary of state and the defense secretary. The director of central intelligence and the chairman of the Joint Chiefs of Staff are statutory advisers. All others, including the national security adviser, have to be invited.

For some, like Mrs. Kirkpatrick, Edwin Meese 3d, the former White House counselor, now attorney general, James A. Baker 3d, the former chief of staff and now Treas-

ury secretary, and Mr. Deaver, the deputy chief of staff, the invitation was a standing one.

Others attend as needed, depending on the topic. Presumably, Mr. Walters would be called in if some crucial UN-related matter were to be discussed or if problems in Latin America or North Africa, on which he has expertise, were on the table.

Mrs. Kirkpatrick said it was "very useful to me to be a member of the NSC" because being able "to hear the discussions gave me a kind of sense of confidence about the goals of the president, the secretary of state and secretary of defense."

It also allowed her the chance to express her own views. During the war between Argentina and Britain over the Falkland Islands in 1982, Mrs. Kirkpatrick, who was sympathetic to Argentina, regularly engaged in debate with the secretary of state at the time, Alexander M. Haig Jr.



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BRIEFS

Basque Publisher

A terrorist Liberation Group claimed responsibility for the killing Saturday of a Basque nationalist daily newspaper in an attack Friday on a bar in which two persons were injured.

The Political Gilt

U.S. defense contractors, President Ronald Reagan, received \$3.6 million into 1984 once.

took place as government's last four years by nearly

of the 20 House members, a political action committee, requested for \$1.5 billion in aid to the Soviet Union.

Seed in Soviet

have been dismissed as the new Soviet leader, Mr. Gorbachev.

secretary, Yuri Tsimba, said that the regional party was said that a local party, abusing his authority, was dismissed officials.

Demote Carrillo

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

It's Not Japan's Fault...

The U.S. Senate's 92-0 vote last week for trade retaliation against Japan was an authentic and heartfelt expression of political frustration and anger. Americans keep buying more and more Japanese goods. American producers, losing sales to the Japanese competitors, bitterly complain to their senators that they cannot sell with equal freedom in Japan. Retaliation is usually the first response that springs to mind. Is that what the United States, in its own interest, now ought to try?

It is quite true that the Japanese do not run an open economy, at least not in the North American manner. Selling foreign goods in Japan is much more difficult than it should be. But the enormous widening of the United States' trade deficit is not Japan's fault.

Last year Americans spent \$37 billion more on Japanese products than Japanese spent on American products. That was more than double the trade gap of two years earlier, in 1982. But Japan's trade policies are no worse than they were in 1982. If anything, they are a little better. Japan is not buying any less from the United States than it did two or three years ago; it is one of the few countries in the world that is buying somewhat more.

The real source of this tremendous trade deficit is to be found in the United States. America is on a binge of borrowing and spending — led, unfortunately, by President Reagan's budget. The continual borrowings by the U.S. Treasury push up interest rates, sucking in investment capital from all over the world. As that money is exchanged into dollars, it forces up the exchange rate.

As things stand, the dollar is overvalued by

about 25 percent against the Japanese yen in terms of the goods that it buys. It is as if there were a 25-percent rebate on every Japanese product sold for dollars and a 25-percent tax on every American product sold for yen. Is it remarkable that Japanese sales to the United States are soaring? The surprise is that U.S. sales to Japan have not fallen.

Every senator understands that the trade deficit is being steadily widened by the president's budget, now about \$220 billion a year in the red. Some of those senators have been working hard for the past three months to try to push it toward the point of balance. They have not made much progress. No wonder there is a lot of frustration at the Capitol.

Japan deserves to be reproached for its resistance to foreign goods. At home, it has never fully accepted the same rules of open world trade of which, abroad, it is one of the world's greatest beneficiaries. But Japanese trading practices do not account for the dramatic and dangerous increases in the American trade deficit over the past two years.

It is entirely understandable that senators, constantly hearing people's grievances about foreign competition, would want to kick a foreign government. But that vote last week was merely a symbolic gesture.

The sure sign that the senators have begun to work seriously on a real remedy will come when they vote to cut government spending and to raise the level of taxation. That is what it is going to take to pull the United States' foreign trade back into balance, and to restore fair competition in prices.

— THE WASHINGTON POST.

... But Japan's Not Helping

At the least, the Japanese government miscalculated the message it seemed to deliver with its announcement on automobile exports to the United States. It was an uncharacteristically inept move. Over the coming year, Japan said, it will limit the number of cars shipped to the United States to 2.3 million — a larger quota, but still a quota. That decision arrived at a moment when the two governments were locked in negotiations over sales of U.S. telecommunications equipment to Japan.

When the Reagan administration dropped its insistence on import quotas for Japanese cars, it was inviting the Japanese companies to compete in the United States without further restraint. In return it wanted Japan to give U.S. companies equal access to their market, beginning in a visible and important field — telecommunications — in which the Americans are genuinely ahead of the competition.

The White House took the Japanese response last week to mean that Japan would rather stick with quotas on cars — and, by implication, also to stick with the buy-Japanese rule that prevails in telecommunications. In an unusually sharp statement, the White House told the Japanese that it was no deal and that the United States would continue to

insist on American manufacturers' rights to sell communications products in Japan free of the traditional discrimination.

Perhaps the White House is wrong and the explanation is simpler, that Japan only feared a great surge of Japanese cars into the United States, inviting a protectionist reaction in Congress. The quotas in effect for the past four years — legally imposed by Japan, in fact demanded by the United States — have heavily favored three of the Japanese automobile companies. There are five or six others that want larger shares of the market, and perhaps the Japanese government felt that it could not control the scramble without formal quotas.

But the quotas are a fundamentally bad idea. Over the past four years they have clearly pushed up the prices of both domestic and imported cars in the United States. Similarly, Japan would serve its people's interests by opening up its own markets. Rather than holding down the number of cars shipped to the United States, the Japanese would do better to sell as many as they can, while seeing to it that these sales are balanced by growing sales of U.S. goods to Japan. The place to begin would be, clearly, telecommunications.

— THE WASHINGTON POST.

Sleaze and the Pentagon

The U.S. Defense Department is in crisis. Its managers are again treating the symptoms by loudly demanding reforms from greedy or corrupt contractors. Congress should not be deceived. The sleaze in the weapons industry reflects only the dissipation of purpose in the Pentagon. Never mind the wildfire of waste: The problem is national security and its debilitation by a sclerotic defense bureaucracy.

Many of the Pentagon's major contractors have recently been tainted by scandal. Its largest, General Dynamics, has seen the former manager of its Electric Boat division claiming to have inflated costs. National Semiconductor has pleaded guilty to violating federal rules on testing chips. Sperry has admitted falsifying bills for work on the MX. Now General Electric stands accused of filing false claims for work on the Minuteman warhead.

Crime aside, many contractors charge the government shamelessly. McDonnell-Douglas tried to collect \$25 million for legal expenses in fighting a rival. Rockwell billed for country club dues; General Dynamics for public relations and boarding an executive's dog; United Technologies for political contributions.

A mentality so careless with costs is no more rigorous on quality. Hughes Aircraft's work on army and navy missiles was so shoddy it was forced to cease production. "Our No. 1 priority is product substitution, where people sell us shoddy material and junk," the Pentagon's inspector general complained recently.

Is this behavior typical of American business? Of course not, but the Pentagon's contractors do not operate in the conventional

business world. They feed off sole-source contracts and, despite recent attempts at reform, are largely insulated from competition. Their products are shaped not by the discipline of market demand, but by highly detailed specifications from military officials. They are the kept creatures of the Pentagon bureaucracy, only so faithfully because so robbed of dignity.

The arrangement suits each side's private agenda. Pentagon officials gain the power to build empires and to gold-plate weapons at whim. The contractors rack up profits without the exertion of competition. The deal is cemented by revolving-door employment: In the three years ending in 1983, at least 1,900 high-ranking officers retired from the military and went to work for contractors.

But consider the consequences. By destroying competition among contractors, the Pentagon loses every benefit of quality and cost that free markets bring. Equally serious is the stifling of innovation. The Pentagon's record for producing innovative weapons is dismal. Its best weapons, like the F-16 fighter or Side-winder missile, often were engendered outside the official procurement agencies.

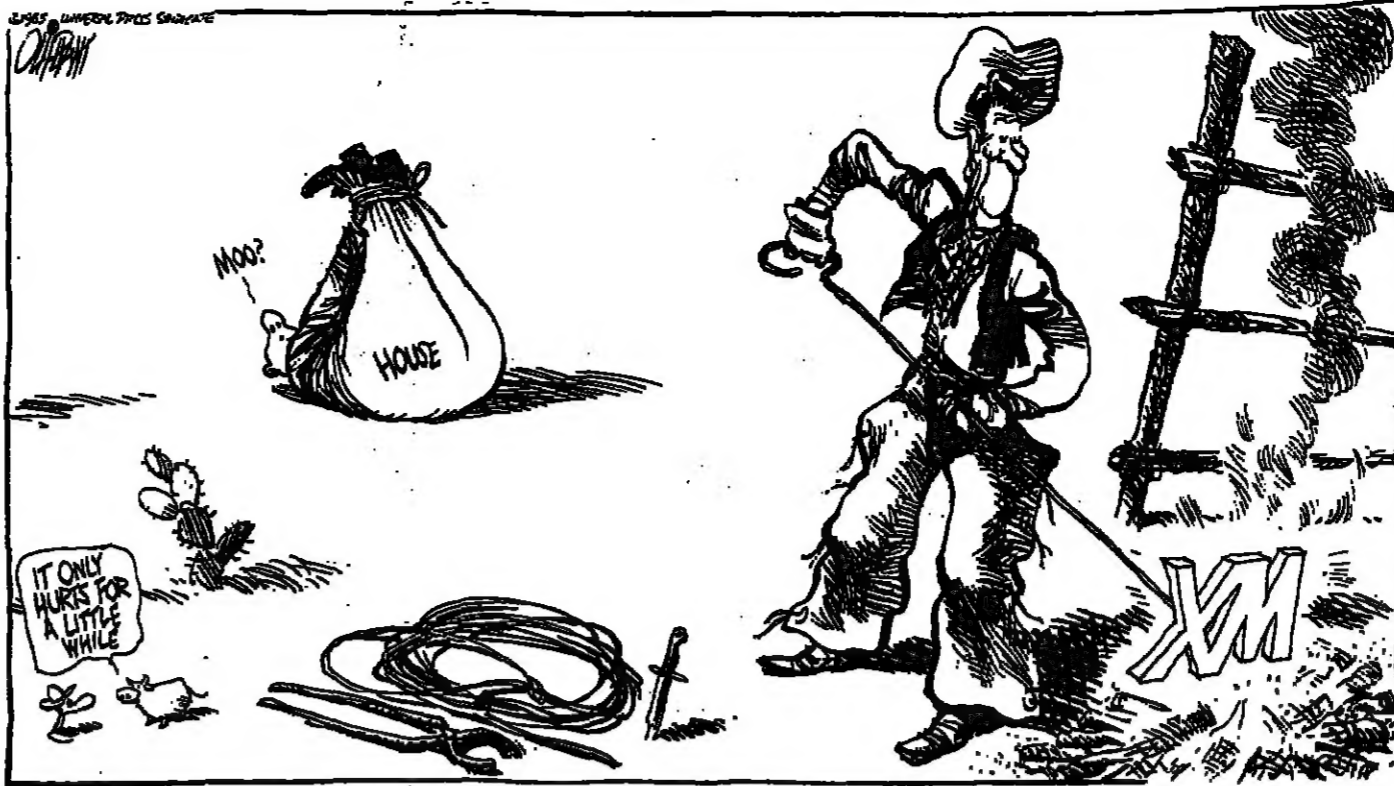
The bedrock of the United States' military superiority over the Soviet Union ought to be its free economy and superior technology. In squelching both, the Pentagon forfeits its greatest advantages. Instead of being diverted by the minutiae of the military budget, Congress could double fighting power and halve procurement costs by going to the root of the Pentagon's disease.

— THE NEW YORK TIMES.

FROM OUR APRIL 1 PAGES, 75 AND 50 YEARS AGO

1910: Double Duty for Opera Scenery
NEW YORK — The Metropolitan Opera Company is filled with astonishment over a ruling by the Treasury Department in Washington that the company must pay duty a second time on foreign-made scenery and costumes which the company intended to bring back to New York after its season at the Châtelet Theatre in Paris. If the ruling stands, then the company will have to pay many thousands of dollars in duties on scenery and costumes on which it was originally compelled to pay as high as 85 percent tariff. The company has entered a protest against the ruling, which is said to have the approval of the Secretary of the Treasury. It is the intention of the company to take a large consignment of scenery and costumes to Paris, regardless of the final decision of the customs authorities.

1935: Moscow Talks End in Accord
MOSCOW — The Anglo-Russian conversations in Moscow came to an end [on March 31] with an expression of complete community of views between the two governments. This was written into an official communiqué whose length and precision stand in sharp contrast with the brief and vague official note given out at the end of the Hitler-Simon talks last week. The Moscow communiqué states implicitly that Soviet Russia and Great Britain see eye to eye on all problems concerning the present international situation. On the specific question of the Eastern pact, the communiqué makes it clear that Russia in no way intends the pact to be directed toward the isolation or encirclement of Germany, and that Great Britain is now fully convinced of this, despite the fears expressed by Hitler to the contrary.



Reagan: He Stands Fast, so Pragmatists Move

By Saul Friedman

This is the second of two articles.

NEW YORK — Ronald Reagan brings ideology to the pragmatic world of Washington.

The politicians and much of the press in the national capital tend to create presidents in the image of those they have been accustomed to seeing — men who move to the center upon entering the White House.

Mr. Reagan has been the most important leader of the conservative movement since the defeat of Barry Goldwater in 1964. As Ronnie Dugger documents in his book "On Reagan," which covers Mr. Reagan's many radio speeches of the last two decades, his most basic beliefs have not changed in that period.

Mr. Reagan's political popularity, White House polls have shown, has been traced to the consistency of his strong views. That consistency and the genuineness of his views have been underestimated by, and have stood out in contrast to, the traditionally more pragmatic and cynical views of establishment Washington.

As the Urban Institute put it: "The Reagan administration, more than most others, has had a clear vision of what it was trying to accomplish."

Thus, while the president stands fast as a result of long-held beliefs on behalf of tax cuts or weapons systems, it is inevitable that the pragmatists move toward him, after all, movable, must move toward him.

Mr. Reagan has many times in the past equated the evils of big government at home with loss of freedom from collectivism and communism abroad. Thus his determined support for his tax cut program was based not merely on the political popularity of cutting taxes, but also on his belief in the necessity of permanently curbing the size and role of government.

He has led a massive transfer of spending from domestic to military programs because, as he has repeatedly said, he believes government should not impede the ability of its citizens to succeed on their own and that government's primary duty is to protect the national security.

Mr. Reagan's tactics — asking for and holding out for more than he was expected to get — have succeeded, said a senior staff member of a House committee, because he has had a "simple, straightforward message" which was clear and compelling: that government was the problem rather than the problem-solver.

Mr. Reagan seems to be getting help this year from the pressure that has been created by the most spectacular failure of his administration, the unprecedented \$200-billion deficit that could wreck Reaganism.

In lieu of having a program, Democrats have been heavily critical of the Reagan deficits. But the deficits become another important tactic for

Mr. Reagan's continued success in further diminishing the reach and role of government by obtaining new cuts in domestic programs.

"The deficit has become an insurance policy against the Democratic opposition," said John Bickerman, research director of the Center on Budget and Policy Priorities, a non-partisan Washington think tank of moderate ideology. "As long as Reagan runs a big deficit," Mr. Bickerman said, "Democrats are under pressure to help him cut it. They can do so only two ways, by cutting the budget or raising taxes. And no one wants to be for tax increases."

Consequently, Democrats have joined Republicans on the Senate Budget Committee in supporting a

freeze in domestic spending and other proposed Reagan cuts.

Although the committee defied the president and voted for a freeze in Pentagon spending, that decision is not expected to stand.

Mr. Reagan also has exploited the Democrats' weaknesses on other issues. On the MX he took his case first to the Republican-controlled Senate, thereby putting additional pressure on the Democratic House. Just as he has used the deficit as bludgeon against his opponents on domestic issues, so has he used the arms talks in Geneva as a lever to win approval of weapons systems.

Some observers think that his strength will be on the wane because he is a lame duck. But that does not

take into account his ideological commitment to move as far as he can in the time left to entrench his agenda, his view of government.

While his tactics may change and he may settle for less than he wants, his strategic goals are unchanging. He has demonstrated great persistence, even in the face of recession and congressional setbacks.

He has chipped steadily away at regulatory agencies and social programs. He will not easily abandon his policies toward El Salvador and Nicaragua. And he has served notice that his "star wars" proposal comes from the depth of his beliefs and will be no bargaining chip to be abandoned for an arms agreement.

The writer, now an associate professor of journalism at Columbia University, covered the White House for 19 years. He contributed this column to Newsday.

In China, Doubt on Closer Soviet Ties

By Fred Warner Neal

CLAREMONT, California — Recent conversations with high officials in Beijing cast serious doubt on reports from Moscow that the meeting between Mikhail S. Gorbachev and China's deputy prime minister, Li Peng, presages a significant improvement in Chinese-Soviet ties.

A few weeks ago, I found myself in Beijing for what turned out to be a series of discussions about the triangular relationship among Washington, Moscow and Beijing. What came across was a rather pessimistic view both of Chinese-Soviet and American-Soviet relations, along with greater — if cautious — hope for an improvement in Chinese-American ties.

Certainly, there was no indication that anybody in Beijing thinks rapprochement with Moscow is either possible or desirable, although small improvements may occur as a result of the new trade agreement.

The Chinese view Soviet foreign policy as a continuation of Russian policy under the czars, and they find it threatening. What Beijing fears is not so much an attack on China as expansionism aimed at domination of southwest Asia. I heard again and again about the "three obstacles" to improved Chinese-Soviet relations: Soviet troop concentrations on China's border, Soviet support for Vietnamese military operations in Cambodia, and the intervention in Afghanistan.

Soviet troops in the Mongolian Republic are also an irritant. Officials in Beijing see little likelihood that these obstacles will be

overcome. They fear that relations with Moscow could get worse — they think the Kremlin is so worried about Chinese economic reforms that it may interfere in some way to prevent their fulfillment.

The Chinese recognize that worse American-Soviet relations tend to produce better American-Chinese relations, but they resent the idea of being used as a "China card."

They see closer American-Chinese ties as mutually beneficial — for economic reasons and because both share an interest in containing Soviet ambitions in Asia. They do not expect any major improvement in American-Soviet ties. But they are concerned about any possible worsening of the American-Soviet Cold War that might lead to a thermonuclear conflict. They appear to have abandoned completely Mao Zedong's idea that a nuclear holocaust might benefit China.

Ideological concerns were mostly absent from our discussions and seemed to have little influence on Chinese foreign policy. Beijing's preoccupation with economic development seems to have replaced its interest in competing with Moscow for global influence and leadership of world communism.

Nor did the nuclear arms race figure prominently in our discussions. The Chinese accept the Reagan view that Moscow has achieved "strategic superiority," and they express understanding for the U.S. nuclear buildup. They are, they say,

determined to expand "substantially" their own nuclear arsenal but disavow any intention of trying to equal American or Soviet capacity.

All talks with Chinese officials come around to the issue of Taiwan. Beijing, one is told, hopes to solve the issue peacefully by negotiations and would allow the island to keep its capitalist system "and even independent military forces."

It is clear that Beijing would like to avoid the use of force but not so clear that force is ruled out. The delicate nature of the American-Chinese-Soviet relationship is apparent also in considerations about Taiwan. The Chinese are adamantly against U.S. arms sales to Taiwan and worry that American support for Taiwan could undermine American-Chinese relations, thus impeding not only economic development but also Beijing's ability to stand up to Moscow.

There is no doubt, however, that bringing back Taiwan, one way or another, is a major Chinese concern. Unless Washington is prepared to abandon Taiwan, China may ultimately have to choose between giving up on it in order to preserve its ties with the United States and modifying its rigid view of the "obstacles" to improved Chinese-Soviet relations. It will be a test of American diplomacy to prevent this from happening.

The writer, executive vice president of the American Committee on East-West Accord, a private organization based in Washington, contributed this to The New York Times.

Message From an Israeli: The PLO Can't Be Ignored

By Meir Merhav

JERUSALEM — There has long been a national consensus among Israelis that we will not talk to the Palestine Liberation Organization. In this, we are making a grave mistake, for detestable as the PLO may appear to us, it is the only plausible embodiment of the Palestinian people.

The proposals put forward by Yasser Arafat, King Hussein of Jordan and President Hosni Mubarak of Egypt for talks with Israel about the future of the occupied territories have provoked a new chorus of refusal. Everyone who counts in Israeli politics has declared once again that we shall never, never talk to the PLO. So far, the Reagan administration — prodded, no doubt, by Jerusalem — has stood loyally by them.

In fact, Israel undertook long ago, in the Camp David accords, to talk to the Palestinians about their future. That commitment remains binding on any government of Israel.

The current government, a fragile coalition led by the Labor Party, is committed to a "Jordanian" solution to the Palestinian-Israeli conflict. It has therefore responded with lukewarm interest to Mr. Mubarak's suggestion for talks with a joint Jordanian-Palestinian delegation.

But the crux of its initiative is not negotiations between Israel and the Jordanian king; it is to get Israelis talking to Palestinians. Mr. Mubarak knows well enough that there can be no solution to the Palestinian problem unless this happens.

Yet most Israelis remain obstinate. Jerusalem will not sit down with representatives of the PLO. Nor will it accept anyone nominated by the PLO. At best, some moderate Israelis seem willing not to look too closely into the political biographies of Palestinians who may come to the table.

To such Israelis, it would be acceptable if Palestinian negotiators sympathized with the PLO. They might voice its positions; they might even, on the quiet, really be PLO nominees — as long as they are not officially members of that organization. To qualify, they must also abjure terrorism and renounce most of the PLO's extreme demands — including the Palestinian Covenant's call for the destruction of the state of Israel, the claims that Jerusalem and the demand that Palestinian refugees be granted the right of return.

It would certainly be a good thing for Israel if such "moderate" Palestinians could be found — and bestowed with the power to make agreements that would be binding on their fellow Pal-

estinians. That, however, is not now the case. Many Palestinians are no doubt ready to abjure terrorism and give up the armed struggle against Israel. But the practical reason that neither the Palestinians nor the rest of the Arab world has the power to vanquish Israel by force. Others may be willing to abandon the dream of returning to Jaffa, Haifa, Lod, Ramallah and the other towns and villages where they or their forebears were born. A few may even be willing to

If Israel wants peace, it must make peace — with its mortal enemies above all. To try to settle with proxy negotiators would be futile at best, and potentially dangerous.

accept, with clenched teeth, Israel's insistence on holding on to parts of the West Bank that it considers vital for its security.

But no Palestinians will waive the right to self-determination — the right to national sovereignty over however small a homeland of their own. And no Palestinian signature on any pact will be binding unless it is seen as satisfying these aspirations.

Why, then, do some Israelis seem interested in sitting down with non-PLO Palestinians? Many have a cynical logic of their own. Israel would "negotiate" with Palestinians who represent no one but themselves; it might even reach a "settlement" with some carefully chosen "notables" only to leave that settlement promptly rejected and its signatories branded as traitors, if not worse.

With this, Israel would have demonstrated that it can be conciliatory — and at the same time would have ensured that nothing came of the talks. We would thus persuade ourselves and the rest of the world that there is "no one to talk to" among the Arabs about the territories.

What would be wrong with this? Why not highlight the impasse for all the world to see? Because, in the end, the Palestinian problem is also Israel's

problem, and it is unacceptable to those of us who do not want Israel to become a binational state — another Lebanon, in effect — or to remain forever a walled-in fortress surviving from one war to the next and paying the debts in between.

True, even if Israel did agree to sit down with official representatives of the PLO, there would be no assurance that the outcome would be honored by all PLO factions or the rejectionist Arab states. It is, however, certain that no other Palestinian spokesman would be able to sign an accord if it was unacceptable to the PLO.

Moreover, not being official representatives, such "acceptable" negotiators might well have to be more obdurate than the PLO itself.

True, the PLO is Israel's mortal enemy. It is not prepared to accept the validity of the Zionist tenet that underpins Israel's existence. And it claims political and historical rights to areas from which Palestinians fled or were expelled in 1948.

The PLO's mainstream faction may in practice be prepared today to settle for less than was envisioned in the Palestinian Covenant. But there is no certainty that the organization's tactical retreat to more limited goals — it is now demanding a Palestinian state restricted to the areas occupied by Israel in 1967 — will be accepted by all its factions or the rejectionist Arab states.

Indeed, the attainment of this more limited objective might well turn out to be a springboard for reviving the long-range irreducible goal of eliminating the state of Israel.

Nor, finally, is it by any means clear that the PLO is prepared to abandon what it calls the "armed struggle" — its strategy of indiscriminate terror against civilians.

But if Israel wants peace, it must make peace — with its mortal enemies above all. To try to settle with proxy negotiators would be futile at best, and potentially dangerous. Israel must insist on speaking directly to those who can make peace.

How long must it take, how many more wars must be fought, how many lives must be wasted and how much treasure spent before we recognize that the PLO is the genuine representative of the Palestinian people and the key to any settlement of the Arab-Israeli conflict?

The writer is a member of the editorial staff of The Jerusalem Post. This article was adapted from an essay published there.

The Danger Of Relying On Dreams

By Anthony Lewis

WASHINGTON — Ronald Reagan's mastery as a political leader was demonstrated again in the House vote for the MX missile. In four years as president, he has not lost in Congress on an issue that he called decisive. But even that record is not a sufficient measure of his talent for leadership.

When political scientists look back at the Reagan presidency, one quality will dazzle them more than any other. That is Mr. Reagan's ability to create his own realities. He asserts, as truth, visions that have nothing to do with the facts — and moves the whole framework of debate to his premises.

A longstanding example is his assertion, made in the 1980 campaign and repeated since, that in the years before he took office "America had been unilaterally disarmed." If words mean anything, that statement is nonsense. In the 1970s the United States added 5,000 nuclear warheads to its strategic missiles, built the Trident and Trident-2, and developed the cruise missile. Looking at the facts, no rational person could say America "unilaterally disarmed."

But Mr. Reagan is a man of convictions, not facts. And to a high degree, his convictions have become the premises of debate on military spending. With all the concern in Congress about the size of the defense budget, hardly anyone in the political mainstream challenges the proposition that America has to make up for years when it became "weak."

A dramatic example is the Strategic Defense Initiative. When Mr. Reagan produced the idea in a speech two years ago, it was labeled "star wars" and dismissed by experts as pie in the sky. They said the technology did not exist and could not imaginably produce even an imperfect defense against missiles for decades. The Russians would develop new weapons to elude such a system.

The objections to the Strategic Defense Initiative remain. Its most passionate advocates no longer even claim that it is likely to produce a perfect defense — and without that, the effect must be to stimulate an offensive arms race. But the president continues to speak of the concept in visionary terms, as an end to fear. And there is every indication that Congress is going to start down the SDI road, at a cost that will come to hundreds of billions of dollars.

The whole question of the budget is another example of Mr. Reagan's ability to impose his far-out reality on politics. He has run up the biggest deficits in American history; more than the cumulative total from George Washington through Jimmy Carter. And everyone knows why: He sharply cut government revenue and raised expenditures.

Yet he continues to maintain that he is devoted to a balanced budget, and will achieve it without holding back on military increases or raising taxes. As far as one can tell, the public believes that fantasy — or believes in Mr. Reagan enough to turn away from the facts.

How does he do it? What is the secret of Mr. Reagan's power to impose his fanciful vision on our perception of reality? Analysts will be exploring the mystery for years, but a few clues are evident now. Trust is a key. Everyone trusts Mr. Reagan as a person. He is so obviously sincere. He believes all those things he says. There is none of the defensiveness in him of a Richard Nixon; he is confident and easy. He has proof that dreams can win over facts, because his own dreams come true.

America is a country of dreams, and Mr. Reagan's genius is to understand that. We would rather hear that he can strike it rich, however remote that prospect is for any individual, than be told that the government will help if we are poor. George McGovern found the limits of egalitarianism when he proposed taxing away inheritances over \$500,000; even the poorest did not want to give up the dream of leaving riches to their children.

The only trouble is that dreams do not displace reality in the long run. Lower taxes and free enterprise will not run subway systems or support universities or in other ways sustain communities. The consequences of runaway deficits — and a resulting arms race will fall on our children. But such concerns have not produced an effective challenge to the most remarkable politician of our age.

The New York Times.

LETTERS

Zia: Clean Hands

Regarding "Zia Works a Little Miracle On Pakistan's Economy" by Jonathan Power (Feb. 15):

As a Pakistani I can only be grateful for this highly objective article. President Zia has made it clear that civil liberties will return with the restoration of a representative regime, and he is effectively going about this task in phases and without rhetoric.

Allow me to remark that the bloody-handed, skull-and-crossbones brandishing bangleman in the Oliphant cartoon is not General Zia. L.M.K. ZAMAN, Paris.

French 'Protection'

In response to "Grim Threats for France's Carnarmakers" (Feb. 4):

French governments — of the right or left — have tried to protect French carnarmakers not only from Japanese, but also from European competition by the conceivable means.

The result? What once was a leading automobile industry is now on the verge of collapse. That ought to be a warning to those in the United States who advocate protectionism.

MAURICE H. ANDRE, Brussels.

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Doctors Hold Walkout in Jordan Over Reply to Riots

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EUROBONDS

First-Quarter Volume Rose 55% to \$32-Billion High

By CARL GEWIRTZ
International Herald Tribune

PARIS — A record volume of \$32 billion was raised in the Eurobond market during the first quarter, statistics supplied by Salomon Brothers show. That was a rise of 55 percent from the year-earlier pace. All the currency sectors except the pound sterling and the guilders shared in the expansion. Paper denominated in U.S. dollars rose 60 percent from a year earlier, to \$24.5 billion. That was 76 percent of total volume, up from 74 percent a year earlier.

The Deutsche mark was a far distant second most popular currency, with \$1.83 billion of the first-quarter total. This was a scant increase from last year, reducing the DM's market share to 5.6 percent from 8 percent.

Although accounting for only 4 percent of total first-quarter activity, Euroyen issues showed the greatest jump from a year earlier — up almost 1,100 percent — because such issues were first allowed only late last year.

The Canadian dollar scored a 256-percent gain, with first-quarter volume at the equivalent of \$1.11 billion, while the European Currency Unit, up 55 percent, inched out the pound as the third most popular Eurobond vehicle, with volume of \$1.5 billion. The pound was in fourth place, with \$1.25 billion worth of issues.

The total volume dwarfs the \$8.4 billion that Orion Royal Bank estimates was available for reinvestment due to interest and principal repayments. This actually understates the situation because many issuers took advantage of market developments — especially in the floating-rate market, where borrowing costs were dramatically shaved — to prematurely redeem more expensive outstanding debt and replace it. (The volume of Eurodollar FRNs jumped 65 percent from the pace set in the first quarter of last year.)

NEVERTHELESS, the figures indicate a massive inflow of new money to the market. January was a record month, with \$14.1-billion worth of new issues. This slowed to \$8.7 billion in February and was only slightly better in March, at \$9.1 billion. But the March figure was 36 percent greater than the year-earlier month.

Whether this pace can be sustained is a question that troubles some bankers. They suspect that the move into Eurodollar bonds has been a shift to correct the underweighting of dollar holdings in international portfolios that developed during the long period of dollar weakness in the late 1970s and early 1980s. But that correction is over and, if anything, bankers now think that portfolios are overweighted in dollar securities.

And, these bankers ask, even if the dollar remains strong and continues to be bolstered by substantially higher interest rates than are available on alternate currency investments, is it reasonable to expect accumulation of new holdings to continue at anywhere near the current pace?

Obviously, no one has the answer. But the market's performance last week gave no reason to believe that a saturation level was near. This is because that while the dollar dropped sharply, underwriters were able to sell \$1.05 billion worth of floating-rate notes and \$525 million of fixed-coupon straight debt.

There was particular interest in the Council of Europe's \$50 million of eight-year floating-rate notes because this was the agency's first offering of dollar-denominated securities. National Westminster's \$400 million of 15-year notes were also well received.

But the terms of the straight dollar debt showed that prices now have to be pitched high enough to compete with returns available in New York. Denmark, for example, which recently sold bonds here yielding 22 basis points over comparable dated U.S. Treasury paper, last week had to pay 74 basis points over the U.S. government to launch its \$200 million of 10-year bonds bearing a coupon of 12 percent. (There are 100 basis points in 1 percent.)

Likewise, General Foods — which earlier this year could have sold paper in the Eurobond market at below what the Treasury was paying — paid 21 basis points more. Its \$75 million of five-year notes were offered at 9 3/4 percent bearing a coupon of 11 1/2 percent. Even so, placement was not easy and it ended the week trading at 40 basis points higher than Treasury paper.

First Federal Bank of Michigan, which offered \$200 million of

Mazda Postpones U.S. Plant

No Link Is Seen With Quotas

By James Risen
Los Angeles Times Service

DETROIT — Mazda Motor Corp. is indefinitely postponing the construction of its first U.S. auto-assembly plant, outside Detroit, and might abandon the project altogether, Mazda officials said.

The Japanese concern said Friday it was delaying the April 24 groundbreaking ceremony at the Flat Rock, Michigan, site after the federal government's decision on Thursday not to issue a \$20-million urban-development grant for the project.

Mazda also said the \$450-million project's fate has been threatened by the inability of its Japanese building contractor to win concessions from the Detroit Building Trades Council, which represents the construction workers who will build the plant.

U.S. government officials in Michigan said that they did not believe that Mazda was having second thoughts about the plant because the U.S. market would be more open to Japanese automakers starting Monday.

"We are trying to keep away from associating this with the Japanese decision to let more cars in," said Walt Sanders, an aide to Representative John D. Dingell, Democrat of Michigan, whose congressional district includes Flat Rock. "Mazda hasn't said anything to us about withdrawing (their plans for the plant) on that basis."

"It has nothing to do with quotas, and I'd be very surprised if the project doesn't go ahead eventually," the mayor of Flat Rock, Ted Anders, said.

A Mazda spokesman, Ron Hartwig, said the federal subsidies "or their equivalent" are "critical" to the future of the plant. "Unless an acceptable agreement is reached with the Building Trades Council," he added, "the project can't go forward."

Mr. Hartwig added that Mazda executives would meet in Japan this week to decide the future of the Michigan project.

Mazda's decision came as Japan raised its U.S. auto-export quota by 24.3 percent for the year starting Monday. For the past four years,

(Continued on Page 9, Col. 1)

Canada Moves to Spur Oil Output

Pact Reached To Ease Drillers' Financial Burden

By Douglas Martin
New York Times Service

CALGARY, Alberta — An important agreement between Canada's federal government and the three oil-producing provinces has given new impetus to an emerging revival in oil exploration and production.

The accord, reached last week, comes at a time when Canadian oil executives are spending again after several slow years, and indeed may well have been anticipated by these executives, who felt that the new government of Prime Minister Brian Mulroney would lessen the industry's financial burdens.

The reasons for the rebound, experts say, are better domestic and foreign markets for Canadian oil and gas, and more attractive drilling prospects than those available in the United States.

The evidence of recovery includes record drilling operations; speculators lining up to buy land for exploration, and extensive capital-spending plans.

And there is evidence on another level in Alberta: a booming limousine-rental business, busy luxury restaurants, and talk that another skyscraper or two will soon sprout from the prairie.

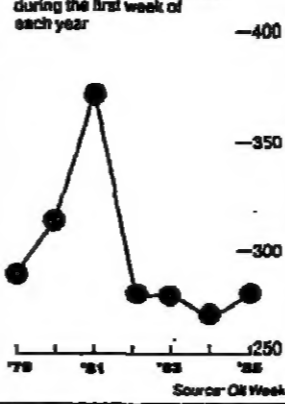
It all recalls the happy days of the late 1970s, when there seemed to be no top to the price of oil.

But in 1980, worldwide petroleum prices began their long slide. For the Canadian oil industry, that situation was made worse by new provincial royalties and taxes by the federal government, instituted the next year, that were regarded by the industry as somewhere between unreasonably and draconian.

In last Tuesday's agreement, the federal government and the country's three principal oil- and gas-producing provinces — Alberta, Saskatchewan and British Columbia — sought to ease that burden.

[Details of the agreement were disclosed in Parliament on Thursday by Oil Minister Patricia Carney. Reuters reported from Ottawa. She said oil prices would be determined as of June 1 and would be determined by market forces, and she announced the abolition of many federal taxes on the oil industry,

Alberta's Operating Rigs
figures based on count done during the first week of each year



An oil- and gas-exploration rig drilling in Alberta.

including export charges on crude oil. She said a new pricing policy for natural gas would be introduced on Nov. 1.

The new policy effectively dismantled much of the National Energy Program introduced in 1980 by Pierre Elliott Trudeau, the prime minister at the time, in a bid to lessen foreign domination of the oil industry.

Bernard Isantier, chairman of the Canadian Petroleum Association, said the new accord would "reawaken investor confidence."

"It meets every concern on matters of principle that Alberta feels strongly about," said John Zaozimy, energy minister of Alberta, which produces 85 percent of Canada's oil and gas. Alberta has been particularly critical of the revenues tax.

Statistics indicate that the recovery was well under way before the accord. Last year, a record 9,149 wells were completed, up from 8,965 in 1980, the previous record year. And there has been a 27-percent improvement

Argentina Sets Wide Reforms to Pacify Creditors

Los Angeles Times Service

BUENOS AIRES — Argentina has imposed sweeping tax and other financial reforms in a renewed attempt to come to terms with its international creditors.

The new measures, announced Friday and implemented Sunday, were accompanied by stiff increases in the prices of basic services. The measures were designed to increase tax revenue and discourage speculation. They followed police raids Friday on Buenos Aires exchange shops suspected of trading in black-market dollars.

Amid accelerating inflation and a budget deficit that is sapping the nation's economy, the civilian government of President Raul Alfonsin has failed to meet economic goals agreed to with the International Monetary Fund. These goals were a preliminary step toward renegotiation of Argentina's foreign debt, which totals about \$48 billion.

Financial sources in Buenos Aires said that the IMF was to withhold about \$400 million due Argentina Sunday as part of a \$1.4-billion standby agreement reached in December. Neither will the foreign banks, most American, that are Argentina's principal creditors disburse any of the \$4.2 billion in new money that they pledged as part of payment-rescheduling.

As a result, Argentina was to fall into arrears Sunday on overdue interest payments of about \$1 billion, the sources said.

The Argentine treasury said that under the government's revenue-raising program, tax receipts should increase by about 25 percent through increases in income, profits and stamp taxes, the reimposition of an inheritance tax and the waiving of bank-secrecy laws for tax inspectors.

Under the stabilization program directed by Economy Minister Juan V. Sourrouille, the government will also seek to restructure financial markets, where speculation has been rampant.

The steps ban the use of unregistered middlemen in trading, forbid the use of dollar-denominated government bearer bonds as collateral in loans between companies, and restrict central bank guarantees on bank deposits.

As a tool to promote savings, interest rates were increased two percentage points a month, to 24 percent a month. With the tax and other financial steps, come price increases effective Sunday of 25 percent in gasoline, 23.5 percent for taxi fares and 35 percent for bus fares. There was no mention of the explosive issue of salaries. That will come within the next few days.

China Raises Rates in Attempt To Cool Inflation

Compiled by Our Staff From Dispatches

BEIJING — The People's Bank of China said Sunday that it would raise interest rates on deposits and loans Monday, in the latest move to tighten lax monetary and wage policies that had started an inflationary boom last December.

The official Xinhua news agency said the moves were also meant to "strengthen the role of the banks in the national economy."

Rates on loans for working capital will rise from 7.2 percent to 7.92 percent, while interest on one-year deposits will rise to 6.84 percent from 5.76 percent, the central bank said. Rates on loans used by the state to buy grain, cotton and oil-bearing crops will remain unchanged, the bank said.

Government officials said last Wednesday that the government's new economic policies had allowed the economy to overheat towards the end of last year and in early 1985 by triggering sharp rises in credit and wages. A monetary and wage clampdown was announced. A large amount of money has been withdrawn from the economy in the past month, the government has announced.

If the new rates are also intended to help small savers offset inflation, they confirm a greater increase in the cost of living than the official 2.7 percent annual rate reflects.

(Reuters, AP)

U.S. House Unit to Audit 7 Pentagon Contractors

By Wayne Biddle
New York Times Service

WASHINGTON — The U.S. House Armed Services Committee said that it would audit seven weapons producers as part of an investigation of contract work for the Department of Defense.

The committee said on Friday that the companies were chosen only because they represent a cross-section of the industry. They are General Dynamics Corp.; Sperry Corp.; Newport News Shipbuilding & Dry Dock Co., a subsidiary of Tenneco Inc.; Bell Helicopter Textron Inc., a subsidiary of Textron Inc.; McDonnell Douglas Corp.; Rockwell International Corp.; and Boeing Co.

For the auditing project, which is expected to take about 45 days, 14 auditors from the Pentagon's Defense Contract Audit Agency and the General Accounting Office, the investigative arm of Congress, have been assigned to the committee.

Their focus will be overhead costs billed to the government, a subject of intense interest since evidence arose last year of improper billings for entertainment and personal travel by General Dynamics executives.

Last Monday, General Dynamics said that it would voluntarily withdraw \$23 million out of \$63.6 million in overhead charges questioned by Pentagon auditors for 1979 to 1982. The company billed the government for \$170 million in such expenses during that time.

Any evidence of wrongdoing at the companies turned up by the House committee would be given to the Justice Department.

Meantime, an air force spokesman confirmed Friday that the service intended to notify General Electric Co. that its suspension Thursday from bidding on new Pentagon contracts would extend throughout the Executive Branch of the government, including the General Services Administration, which manages government procurement activities.

Larry Vaber, a spokesman for GE, said backlogs in major projects would cushion the overall effect. He added that, in aircraft engines alone, GE had a \$6.9-billion backlog at the end of 1984 that would carry the company through the next five years.

The backlog was up from \$5.5 billion the year before, he said. In the fiscal year ended Sept. 30, 1983, GE held more than \$4.5 billion worth of contracts from the Defense Department, employing 65,000 of the company's 330,000 employees. It is the fourth-ranking Pentagon contractor.

Pentagon officials were unable on Friday to name specific projects that might be affected by the suspension, which was announced on Thursday by Air Force Secretary Verne Orr. But an air force officer familiar with the company's work suggested that GE would feel some pressure if the suspension continued toward bidding this fall on an advanced fighter-engine program.

Economy Slowed Last Month, Says U.S. Purchasing Survey

The Associated Press

NEW YORK — The U.S. economy pulled back a bit in March, after improving during the first two months of the year, the National Association of Purchasing Management said Sunday in its monthly report.

The purchasing managers' composite index — a leading, or forward-looking, indicator — fell for the second consecutive month, the association said.

New orders dropped slightly in March after a healthy increase in February. Inventory levels declined, mirroring a similar drop in production, the group said.

For the fourth consecutive month, managers reported more price decreases than increases, it said.

And in answer to a special question, 40 percent of the managers said that the first quarter fell below their expectations, while 18 percent said it exceeded them.

"Although the economy performed well in the first quarter, we must be concerned with the drop in the purchasing managers' composite index," said Robert J. Bretz, director of corporate purchasing for Pimey Bowes Inc. and chairman of the group's business-survey committee.

The index, seasonally adjusted, fell to 47.7 percent in March after having slipped below 50 percent to 49.7 percent, in February. Last month's level was the lowest since the index was at 46.9 percent in January, 1983.

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AUSTRALIA

Ant	Sec	% Mat	EUROPE		Conv. Price	Yield	Ant	Sec	% Mat	UNITED STATES AMERICA		Conv. Price	Yield
			Price	Europe		Yield				Price	U.S.A.		Yield
120	Ant 25	9%	127 1/2	1 Jan 81	100	125	120	Ant 25	9%	127 1/2	1 Jan 81	100	125
121	Ant 25	9%	127 1/2	1 Jan 81	100	125	121	Ant 25	9%	127 1/2	1 Jan 81	100	125
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Over-the-Counter

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(Continued on Page 10)

New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price	end week	Terms
FLOATING RATE NOTES						
Caisses Françaises de Développement Industriel	\$100	1997	libid	100	—	Interest pegged to 6-month bid rate for Eurodollars, set monthly. Callable at par after 1987. Denominations \$5,000.
Central Int'l	\$150	2000	libor	100	99.62	Interest set at 10 basis points over 6-month offered rate for Eurodollars. Callable at par in 1987. Redeemable at par in 1997. Denominations \$10,000. Fees 0.50%.
Council of Europe	\$50	1993	libor	100	99.80	Interest pegged to 6-month offered rate for Eurodollars. Noncallable. Denominations \$10,000. Fees 0.30%.
Export-Import Bank of Korea	\$100	1995	1/4	100	98.40	Over 6-month Libor. Callable at par in 1990. Redeemable at par in 1990 and 1992. Fees 1.00%.
First Federal Bank of Michigan	\$200	1995	timeon	100	99.58	Interest pegged to coverage of bid and offered rates for 6-month Eurodollars, set monthly. Callable at par after 1986. Denominations \$10,000. Fees 0.50%.
Hanil Bank	\$50	1995	3/16	100	—	Over 1- or 6-month Libor, whichever is higher, set monthly. Redeemable after 1990 or 1992. Fees 1.50%.
National Westminster Finance	\$400	2000	3/16	100	99.94	Over 6-month Libid. Callable at par after 1990. Denominations \$10,000. Fees 0.15%.
Ireland	ECU150	1997	1/16	100	99.23	Over 6-month Libor. Callable at par after 1987. Denominations of 10,000 ecus. Fees 0.25%.
FIXED-COUPON						
Denmark	\$100	1990	11%	100%	98.00	Noncallable.
Elb	\$200	1995	12	100	—	—
Franklin Savings Association	\$100	1990	11%	99%	97.88	Noncallable.
General Foods Capital	\$75	1990	11%	99%	98.37	Noncallable.
Kinki Nippon Railway Parent	\$50	1992	11%	100	98.00	Noncallable.
ESCOM	DM150	1993	8%	99%	—	Noncallable.
Redland Finance	£60	1992	zero	48	47.12	—
Caisses Nationales des Telecommunications	ECU75	1992	9%	100	99.25	Noncallable.
Caisses Nationales des Telecommunications	ECU75	1995	9%	100	99.12	Callable at 100% after 1992.
Seiyu	ECU30	1990	9%	100	98.50	Noncallable.
Nippon Kokan K.K.	£370	1992	11%	100%	98.62	Noncallable.
Rank Xerox Finance	DF100	1990	8	100%	—	Noncallable.
Finland	FIM5,000	1990	6%	100	98.37	Noncallable.
Banco Finance	NZ\$35	1990	15%	100	—	Noncallable.
EQUITY-LINKED						
Chugoku Marine Ports	\$10	2000	open	100	—	Semiannual coupon indicated at 39%. Callable at 104 in 1988. Convertible at an expected 5% premium. Terms to be set April 1.
Mazda Motor	\$100	2000	3	100	98.25	Semiannual coupon indicated at 10% in 1990. Convertible at 48% yen per share and at 251.65 yen per dollar.
Sumitomo Special Metals	\$50	2000	open	100	97.50	Semiannual coupon indicated at 39%. Callable at 104 in 1988. Convertible at an expected 5% premium. Terms to be set April 1.
Yokogawa Hokushin Electric	DF100	1990	open	100	—	Semiannual coupon indicated at 39%. Convertible at an expected 5% premium. Terms to be set April 1.

Eurobond Volume Hits a Record

(Continued from Page 7)

10-year FRNs, and Franklin Savings Association, which sold \$100 million of five-year notes bearing a coupon of 11 1/2 percent, both collateralized their issues with securities of the U.S. government and its agencies.

This earned the issues a triple-A rating but resulted in the paper being offered only as registered securities rather than as bearer bonds, which are preferred by international investors. Most likely, this paper will ultimately wind up in the hands of U.S. investors who are accustomed to registered paper.

The dollar's decline last week clearly boosted demand for non-dollar bonds. The best example of this was the performance of the DM issue for the Electricity Supply Commission of South Africa. In the best of times, South African paper is difficult to place. And last week, with riots in the black town-

ships disrupting South Africa, was hardly propitious timing. Nevertheless, the 150 million DM of eight-year paper was eagerly sought. Priced at 99 1/2 bearing a coupon of 8 1/2 percent, the issue ended the week at 100.

Although the pound's sharp rise in the exchange market led to some profit-taking and sale of pound bonds, Redland Finance had no trouble placing \$60 million of seven-year notes. This was the first zero-coupon to be denominated in pounds — made possible by recent tax changes that allow investors to count the balloon payment at maturity as income at that time rather than as capital gains. The notes were offered for sale at 48 percent of nominal value for a yield to maturity of 10.76 percent, well below the government's borrowing cost in the gilt market.

Finland tapped the Euroyen market with 15 billion yen of five-

year notes bearing a coupon of 6 1/2 percent. Bankers expect that an easing of access conditions for foreign borrowers, announced by Japan's Finance Ministry last week, will result in a number of European companies tapping the market.

Until last week, foreign companies had to have at least a rating of single-A and net assets of \$2.4 billion to tap the market. But many European companies have never had their debt rated by the private U.S. credit agencies and thus were not eligible to tap the market. Now, a company only has to have a big equity base (at least the equivalent of \$2.4 billion) and an equity-to-total assets ratio larger than 35 percent to qualify.

Bankers said that this opens the Euroyen market to companies such as Daimler-Benz AG of West Germany and Philips NV of the Netherlands.

Dollar's Fluctuations Worry Volcker

By Hobart Rowen
Washington Post Service

WASHINGTON — Paul A. Volcker, the chairman of the U.S. Federal Reserve Board, said Saturday that he is concerned about the recent volatility of the dollar, which rose to record highs against other major currencies only to drop sharply during the past month.

In a speech to the American-German Biennial Conference in Dallas, Mr. Volcker said the volatility in exchange rates might "challenge... governments and central banks to think hard about ways" to achieve greater stability if "spontaneous market forces" do not lead to it.

Mr. Volcker seemed to be staking out a position different from that of the Reagan administration. In recent days, President Ronald Reagan and the secretary of the

Treasury, James A. Baker 3d, have turned aside pressure from European officials for studies that might lead to greater exchange-rate stability. They argue that the gap between the dollar and other currencies will narrow as economic recovery abroad catches up with that in the United States.

But Mr. Volcker said that "certainly the exchange rate today is too important an economic variable to ignore in our policymaking."

Mr. Volcker warned that "after two years of extraordinary growth," the U.S. economic expansion was slowing, in part because competition from imports has discouraged some domestic production and investment.

He said the huge U.S. trade deficit — estimated to be running at a \$140-billion annual rate — was cre-

ating pressures for protectionist measures.

Mr. Volcker praised the administration and Congress for resisting these pressures. But he suggested that protectionist pressures might prove overwhelming unless the United States obtained help from its trading partners.

In his most direct public reference to growing trade tensions between the United States and Japan, the Federal Reserve official said, "Those in exceptionally strong trading positions, such as Japan, must find the will and the means to move toward liberalization."

Speaking to an audience interested in enhancing West German-American relations, Mr. Volcker praised the West German government as being in the forefront of the trade-liberalization movement.

Mazda Plant Is Postponed

(Continued from Page 7)

voluntary quotas have restricted the number of cars that Mazda and other Japanese automakers have been able to import into the United States.

Officials at Mazda said their decision to delay the start of construction at the Flat Rock plant is not related to the raising of the import quota, which prompted sharp U.S. criticism last week.

The plant is not scheduled to begin car production at the Flat Rock plant until 1987, and so Mazda's plans for the facility could not have been swayed by whether quotas were continued or changed in 1985, Mr. Hartwig said.

Mazda announced last November that it would build its first U.S. plant on the site of a closed Ford Motor Co. casting plant in Flat Rock, a blue-collar suburban community just south of Detroit. Mazda said the plant would employ 3,500 workers — many of them laid-off members of the United Auto Workers union.

Canada Promotes Oil Output

(Continued from Page 7)

tion, 31 of 39 companies said they planned an increase in exploration.

Indeed, the Mulroney government seems determined to use the energy industry, which it says accounts for 30 percent of Canada's business investment, as a driving force in its effort to revive the troubled economy.

"Confronted with discriminatory taxes and incentives, investment has left and stayed away," Michael Wilson, Canada's finance minister, said recently. "This will change."

The subsidiaries of a number of major U.S. oil companies in Canada are expected to benefit greatly. Included are Mobil Corp., Texaco Inc. and Gulf Oil Corp., said Ian Doig, an oil analyst in Calgary.

Already gone is the anti-American feeling that motivated much of the National Energy Program, and soon to be gone is a feature of that policy that allowed the Canadian government to take a quarter of any discovery. A symptom of the new mood was the lack of notice paid to the recent appointment of an American to head the Calgary-based exploration and production

arm of Imperial Oil Ltd., which is 69.6-percent-owned by Exxon Corp.

Industry officials say the decontrol of Canadian oil prices will have the effect of raising the price of about half the country's production and lowering the other half. Their assumption is that Alberta has accepted a phased-in, rather than immediate, end to the federal revenue tax.

The effect of Alberta's royalty and the federal taxes has been to reduce the companies' revenue per barrel of oil to 52 percent of the total.

All producing companies would benefit from any tax and royalty reductions. But the effects of oil price decontrol would help some and hurt others. This is because oil discovered before 1974 receives a price of about \$20 a barrel, while that discovered after brings about \$26.50.

Companies like Imperial, which have done best at finding new oil supplies and have a greater proportion of the new oil, would thus be hurt. Companies like Texaco and Gulf, with more old oil, would be helped.

Prices Boosted as Investor Demand Picks Up

By Michael Quint
New York Times Service

NEW YORK — Prices in the credit market have been boosted by improved investor demand.

Treasury note and bond prices continued to rise Friday as more speculators made purchases.

In the short-term market, however,

U.S. CREDIT MARKETS

er, rates on Treasury bills rose by a tenth of a percentage point or more, with the three-month issue bid late in the day at 8.21 percent and the six-month issue at 8.59 percent. Despite the increases, bill rates remained below the levels at the start of last week, when the three-month bill sold at 8.41 percent and the six-month issue at 8.86 percent.

Mitchell J. Held, an analyst at Smith Barney, Harris Upham & Co., said Friday that "retail activity was noted over the past two days, something that had been conspicuously absent for about four weeks."

Other analysts agreed that investor demand has strengthened, but added that some dealers were aggressively adding to their inven-

U.S. Consumer Rates
For Week Ended March 29

Passbook Savings	5.90 %
Tax Exempt Bonds	9.75 %
Bond Buyer 20-Bond Index	9.75 %
Money Market Funds	8.35 %
Donohue's 7-Day Average	7.99 %
Bank Money Market Accounts	7.99 %
Bank Rate Monthly Index	12.47 %
FHLB Average	

ories, in anticipation of stable to lower rates in coming days.

Whether the demand was from investors or speculators, it was still enough to overcome a decline in the dollar and forecasts of a large money-supply increase this week — both factors that earlier in March caused lower bond prices.

According to a respected private survey of bank deposits, which is about 75 percent complete, the Fed should announce next Thursday a rise of about \$3 billion in the level of the narrowest measure of the money supply, called M-1. M-1 measures cash in circulation and money in checking and similar accounts. Such an increase would not prevent March from being a month of much more moderate growth than the 11-percent annual

rate during the last three months.

The money-supply forecast, based on a survey of banks across the country, showed an increase that was considerably higher than the median increase expected by economists who were surveyed by Money Market Services. Only about 15 percent of that survey sample expected an increase in the money supply next week of more than \$2.5 billion.

Among the three new Treasury note and bond issues sold last week, prices were stable to higher in Friday's trading, and closed at levels well above the average price set at auction. The 11 1/2-percent notes due in 1989 were little changed on the day, and closed with an offered price of 100 1/2, to yield 11.13 percent, up from 99 27/32, to yield 11.30 percent, at Tuesday's auction. The 11 1/2-percent notes due in 1992 were offered at 100 1/2, to yield 11.59 percent, up about 1/4 point on the day, and well above Wednesday's auction average of 99 1/2, to yield 11.85 percent.

In the bond market, the 12-percent issue due in 2005 was offered at 100 1/4, to yield 11.89 percent, up from an average of about 99 1/2, to yield 12.04 percent, at Thursday's

auction. The 11 1/2-percent bonds due in 2015 rose about 1/4 point, to an offered price of 96 1/4, to yield 11.64 percent.

Based on results of the auction and the last two days' trading, the Treasury's financing has been another example of how interest rates can decline in the face of huge supply. Immediately after the Treasury had announced its financing plans on March 19, the four-year notes were offered by dealers with a yield of 11.51 percent, the seven-year issue was quoted at 11.93 percent and the 20-year bonds were at 12.13 percent.

Gold Options (prices in \$/oz.)				
Price	May	Aug	Nov	
200	220.25/30.00	27.00/30.00	—	—
250	14.00/15.00	21.00/22.00	29.00/30.00	—
300	11.00/12.00	21.00/22.00	29.00/30.00	—
350	7.50/8.00	17.00/18.00	25.00/26.00	—
400	5.00/5.50	13.00/14.00	21.00/22.00	—
450	3.00/3.50	10.00/11.00	17.00/18.00	—
500	—	7.50/8.00	13.00/14.00	—

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GENERAL MANAGEMENT: AMMAN, JORDAN

Group Balance Sheet as at 31st December 1984 in U.S. Dollars

CAPITAL & RESERVES 473 Million
DEPOSITS 10 Billion
TOTAL ASSETS 12.4 Billion

Arab Bank has branches in:

Abu Dhabi	France	Ras Alkhaimah
Ajman	Fujairah	Sharjah
Bahrain	Greece	Singapore
Dubai	Jordan	United Kingdom
Cyprus	Lebanon	U.S.A.
Egypt	Qatar	Yemen Arab Republic

Offshore Banking Unit P.O. Box 813 Manama-Bahrain Telex: 8647

Arab Bank Sister Institutions, Subsidiaries and Affiliates

- | | |
|---|--|
| 1 Arab Bank (Switzerland) Ltd. Switzerland | 7 (U.B.A.E.) Arab German Bank Luxembourg and Germany |
| 2 Arab Bank Investment Co. Ltd. England | 8 (U.B.A.F.) Union de Banques Arabes et Francaises. France |
| 3 Arab Bank Maroc, Morocco | 9 (U.B.A.F.) Arab American Bank. U.S.A. |
| 4 Arab National Bank, Saudi Arabia | 10 (U.B.A.N.) International Ltd. Hong Kong |
| 5 Oman Arab Bank, Oman, Ruwi | 11 Nigeria-Arab Bank Ltd. Nigeria |
| 6 Arabia Insurance Company, Lebanon, Beirut | 12 Arab Tunisian Bank, Tunisia, Tunis |
| | 13 Arab Reinsurance Company, Lebanon, Beirut |

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Over-the-Counter

(Continued from Page 8)

[illegible]**NASDAQ National Market**[illegible]

Sales in						Net						
	100s	High	Low	Last	Chge		100s	High	Low	Last	Chge	
NYP/NP		446	29	74	74			109	19	19	19	
NYA/NY	400	447	197	197	197			109	19	19	19	
NYC/NY		447	197	197	197			109	19	19	19	
NYK/NY		447	197	197	197			109	19	19	19	
NYL/NY		447	197	197	197			109	19	19	19	
NYM/NY		447	197	197	197			109	19	19	19	
NYO/NY		447	197	197	197			109	19	19	19	
NYP/NY		447	197	197	197			109	19	19	19	
NYR/NY		447	197	197	197			109	19	19	19	
NYS/NY		447	197	197	197			109	19	19	19	
NYT/NY		447	197	197	197			109	19	19	19	
NYU/NY		447	197	197	197			109	19	19	19	
NYV/NY		447	197	197	197			109	19	19	19	
NYW/NY		447	197	197	197			109	19	19	19	
NYX/NY		447	197	197	197			109	19	19	19	
NYZ/NY		447	197	197	197			109	19	19	19	
NYAA/NY		447	197	197	197			109	19	19	19	
NYAB/NY		447	197	197	197			109	19	19	19	
NYAC/NY		447	197	197	197			109	19	19	19	
NYAD/NY		447	197	197	197			109	19	19	19	
NYAE/NY		447	197	197	197			109	19	19	19	
NYAF/NY		447	197	197	197			109	19	19	19	
NYAG/NY		447	197	197	197			109	19	19	19	
NYAH/NY		447	197	197	197			109	19	19	19	
NYAI/NY		447	197	197	197			109	19	19	19	
NYAJ/NY		447	197	197	197			109	19	19	19	
NYAK/NY		447	197	197	197			109	19	19	19	
NYAL/NY		447	197	197	197			109	19	19	19	
NYAM/NY		447	197	197	197			109	19	19	19	
NYAN/NY		447	197	197	197			109	19	19	19	
NYAO/NY		447	197	197	197			109	19	19	19	
NYAP/NY		447	197	197	197			109	19	19	19	
NYAQ/NY		447	197	197	197			109	19	19	19	
NYAR/NY		447	197	197	197			109	19	19	19	
NYAS/NY		447	197	197	197			109	19	19	19	
NYAT/NY		447	197	197	197			109	19	19	19	
NYAU/NY		447	197	197	197			109	19	19	19	
NYAV/NY		447	197	197	197			109	19	19	19	
NYAW/NY		447	197	197	197			109	19	19	19	
NYAX/NY		447	197	197	197			109	19	19	19	
NYAY/NY		447	197	197	197			109	19	19	19	
NYAZ/NY		447	197	197	197			109	19	19	19	
NYBA/NY		447	197	197	197			109	19	19	19	
NYBB/NY		447	197	197	197			109	19	19	19	
NYBC/NY		447	197	197	197			109	19	19	19	
NYBD/NY		447	197	197	197			109	19	19	19	
NYBE/NY		447	197	197	197			109	19	19	19	
NYBF/NY		447	197	197	197			109	19	19	19	
NYBG/NY		447	197	197	197			109	19	19	19	
NYBH/NY		447	197	197	197			109	19	19	19	
NYBI/NY		447	197	197	197			109	19	19	19	
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NYBM/NY		447	197	197	197			109	19	19	19	
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NYBO/NY		447	197	197	197			109	19	19	19	
NYBP/NY		447	197	197	197			109	19	19	19	
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NYBR/NY		447	197	197	197			109	19	19	19	
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NYBW/NY		447	197	197	197			109	19	19	19	
NYBX/NY		447	197	197	197			109	19	19	19	
NYBY/NY		447	197	197	197			109	19	19	19	
NYBZ/NY		447	197	197	197			109	19	19	19	
NYCA/NY		447	197	197	197			109	19	19	19	
NYCB/NY		447	197	197	197			109	19	19	19	
NYCC/NY		447	197	197	197			109	19	19	19	
NYCD/NY		447	197	197	197			109	19	19	19	
NYCE/NY		447	197	197	197			109	19	19	19	
NYCF/NY		447	197	197	197			109	19	19	19	
NYCG/NY		447	197	197	197			109	19	19	19	
NYCH/NY		447	197	197	197			109	19	19	19	
NYCI/NY		447	197	197	197			109	19	19	19	
NYCJ/NY		447	197	197	197			109	19	19	19	
NYCK/NY		447	197	197	197			109	19	19	19	
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NYCM/NY		447	197	197	197			109	19	19	19	
NYCN/NY		447	197	197	197			109	19	19	19	
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NYCQ/NY		447	197	197	197			109	19	19	19	
NYCR/NY		447	197	197	197			109	19	19	19	
NYCS/NY		447	197	197	197			109	19	19	19	
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NYCU/NY		447	197	197	197			109	19	19	19	
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NYCW/NY		447	197	197	197			109	19	19	19	
NYCX/NY		447	197	197	197			109	19	19	19	
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NYCZ/NY		447	197	197	197			109	19	19	19	
NYDA/NY		447	197	197	197			109	19	19	19	
NYDB/NY		447	197	197	197			109	19	19	19	
NYDC/NY		447	197	197	197			109	19	19	19	
NYDD/NY		447	197	197	197			109	19	19	19	
NYDE/NY		447	197	197	197			109	19	19	19	
NYDF/NY		447	197	197	197			109	19	19	19	
NYDG/NY		447	197	197	197			109	19	19	19	
NYDH/NY		447	197	197	197			109	19	19	19	
NYDI/NY		447	197	197	197			109	19	19	19	
NYDJ/NY		447	197	197	197			109	19	19	19	
NYDK/NY		447	197	197	197			109	19	19	19	
NYDL/NY		447	197	197	197			109	19	19	19	
NYDM/NY		447	197	197	197			109	19	19	19	
NYDN/NY		447	197	197	197			109	19	19	19	
NYDO/NY		447	197	197	197			109	19	19	19	
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NYDQ/NY		447	197	197	197			109	19	19	19	
NYDR/NY		447	197	197	197			109	19	19	19	
NYDS/NY		447	197	197	197			109	19	19	19	
NYDT/NY		447	197	197	197			109	19	19	19	
NYDU/NY		447	197	197	197			109	19	19	19	
NYDV/NY		447	197	197	197			109	19	19	19	
NYDW/NY		447	197	197	197			109	19	19	19	
NYDX/NY		447	197	197	197			109	19	19	19	
NYDY/NY		447	197	197	197			109	19	19	19	
NYDZ/NY		447	197	197	197			109	19	19	19	
NEA/NE		446	29	74	74			109	19	19	19	
NEB/NE		447	197	197	197			109	19	19	19	
NEC/NE		447	197	197	197			109	19	19	19	
NEK/NE		447	197	197	197			109	19	19	19	
NEL/NE		447	197	197	197			109	19	19	19	
NEM/NE		447	197	197	197			109	19	19	19	
NEO/NE		447	197	197	197			109	19	19	19	
NEP/NE		447	197	197	197			109	19	19	19	
NER/NE		447	197	197	197			109	19	19	19	
NES/NE		447	197	197	197			109	19	19	19	
NET/NE		447	197	197	197			109	19	19	19	
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NEW/NE		447	197	197	197			109	19	19	19	
NEX/NE		447	197	197	197			109	19	19	19	
NEZ/NE		447	197	197	197			109	19	19	19	
NEAA/NE		447	197	197	19							

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SPORTS

Georgetown and Villanova NCAA Finalists

LEXINGTON, Kentucky — Georgetown came a step closer Saturday evening to proving what many have said all along: The Hoyas are easily the best college basketball team in the United States.

They overcame a ragged first half and routed St. John's, 77-59, to earn a berth in the National Collegiate Athletic Association championship game for the second consecutive season.

Georgetown, the defending national champion and the No. 1-ranked team in the news-agency polls with a 35-2 record, will face Villanova (24-10) Monday night in a final pairing of Big East Conference teams.

Villanova, which finished fourth in the conference during the regular season, upset Memphis State, 52-45, in Saturday's opening semifinal game at Rupp Arena. Georgetown beat Villanova twice during the regular season, by scores of 52-50 and 57-50.

The Hoyas will be playing in the title game for the third time in four seasons. Last year they beat Houston, 84-75, and in 1982 lost to North Carolina, 63-62. That was the freshman season for Patrick Ewing, Georgetown's dominating 7-foot (2.13-meter) center.

St. John's was trying to make it to the championship game for the first time since 1952, when its only appearance ended in an 80-63 loss to Kansas. The Redmen finished the season at 31-4, a record number of victories for a St. John's team.

Chris Mullin, the St. John's all-America guard who was averaging more than 20 points, was limited to eight in the semifinal while Reggie Williams led the Hoyas with 20 and Ewing got 16.

"We try to deny Chris the ball," said Georgetown's coach, John Thompson. "He presents more problems than any player I've had to coach against. Very few players know how to get open like he does. We concede his shots. We worry about his passing."

David Wingate was the Hoyas'

chaser, trailing Mullin all over the court.

"David sacrifices a lot of his game" in that role, the coach said. "He is offensive-minded. He thinks shoot and then he thinks defense, so this was a tribute to him."

Wingate still managed 12 points, and limited Mullin to just eight shots in the contest. Only three came in the second half, when Georgetown blew open the game.

The first half ended with

Georgetown leading by 32-28 but St. John's had closed the gap. In fact Georgetown, which was forced into a half-court offense when St. John's shut off the fast break, was content to hold the ball its last three possessions of the half. Ewing had picked up three fouls and spent the last five minutes on the bench.

When Ewing left Georgetown was ahead, 30-26. He had picked up an offensive foul with 6:46 left before the break, then had his pride

wounded on St. John's next trip down the floor when Bill Wennington, the Redmen's 7-0 senior center, took the ball, spun without hesitation and dunked over Ewing. Eager to retaliate, Ewing tried to force a shot, but the ball slipped out of his hands. Mullin's jumper then tied the score at 26.

With Ewing out and St. John's rebounding well, the Hoyas decided to slow the pace with their spread offense. Williams drove in for a basket to break the tie, and Wennington, too eager to work on Ralph Dalton, Ewing's replacement, was called for traveling.

Hoyas' Broadway's jump shot extended the Hoyas lead to 30-26 and, after another turnover by St. John's, Williams scored again to make it 32-26.

When Willie Glass, the Redmen's forward, missed two free throws, Georgetown had a chance to open its lead to eight points. But Walter Berry stole Bill Martin's pass and Wennington was fouled by Martin. The two free throws, cutting the deficit to 32-28, were the last points scored that half.

But the Hoyas, rebounding missed shots and fouls, outscored the Redmen by 7-0 to begin the second half, taking a 39-28 lead. Martin's jumper started things. After Mullin's pass went off Glass's fingers, Wingate's free throw made it 35-28. After a miss by St. John's, Williams made it 37-28 on a jumper. Williams then stole Mullin's pass and scored for a 39-28 lead, all the cushion the Hoyas needed.

Villanova beat favored Memphis State (31-4) of the Metro Conference by using a deceptive array of zone defenses and the unwavering poise of three seniors — center Ed Pinckney, forward Dwayne McClain and fiery point guard Gary McLain.

The Tigers were held to their lowest point total this season, making only 19 of 50 shots, and were kept virtually off the free-throw line. They took only nine fouls and made seven, while the Wildcats, whose game-plan was to take advantage of their foul-prone opponents, made 20 of 26 free throws.

Keith Lee, the Tigers' leading

scorer and a four-time all-America, was forced to watch the final 10 minutes and 21 seconds of his collegiate career from the bench, having fouled out. After scoring only 10 points in the second half, the 6-10 forward drew his fifth personal foul as he attempted to recover a ball that had slipped out of his hands as he tried to shoot. He had made only three of his nine shots in 23 minutes of playing.

"They wouldn't let him play basketball," said Tiger forward Barkerville Holmes, who fouled out after getting eight points and two rebounds. "You haven't seen the real Keith Lee."

McClain, the 6-6 forward, scored on six of nine shots and on all seven free throws, leading the scoring with 19 points. He got six in the final 3:04 of the game when the Wildcats rallied from a seven-minute scoring drought. During that span, their 41-33 lead had disappeared as the Tigers ran off eight straight points to tie at 41 on a rattling, 16-foot shot by the point guard, Andre Turner, with 3:37 left to play.

But the Wildcats recovered, outscoring the frustrated Tigers by 11-4 before the final buzzer. Nine points came on free throws. Pinckney, playing with an upset stomach that made him ill during the second half, still got 12 points and a game-high nine rebounds, despite playing against the Tiger front line anchored by the 7-foot center, William Bedford, the 6-7 Holmes and the 6-10 Lee.

McClain had two assists and scored nine points, the final four coming on free throws in the last 21 seconds that ensured victory.

"Andre Turner is a great player," he said. "Defensively, he's a pain. But I have to keep my head because I'm the senior. Now, I have to pat myself on the back for keeping my head and not getting frustrated." Villanova's front line won the rebounding battle, 16-14, an accomplishment it must make if they are to have a chance against Georgetown. And, according to Dana Kirk, the Memphis State coach, they do have a chance. "If they're just a Cinderella team," he said, "then Cinderella wears boots."



Patrick Ewing, rebounding Saturday against St. John's, spent the last five minutes of the first half on the bench with three fouls. Georgetown finally pulled away to a win, 77-59.

Beating Indiana, 65-62, UCLA Wins First NIT Title

NEW YORK — Sharpshooter Reggie Miller keyed a 19-5 scoring burst early in the second half and UCLA held on to defeat Indiana 65-62 here Friday night for its first-ever National Invitation Tournament basketball championship.

Miller scored eight of his 18 points as the Bruins wiped out a 33-31 deficit and moved into a 50-40 lead with nine minutes left. The Pacific-10 team seemed to have matters in hand before the Hoosiers made a spirited comeback to close the gap to 62-60 on Steve Alford's long jumper with 22 seconds left.

But then Miller scored the clinching points on a breakaway basket with 15 seconds remaining.

Nigel Miguel tied Miller for game-high scoring honors with 18 points, including a couple of key foul shots in the two minutes that kept the Bruins in charge. Monte Hatcher added 14 points to a balanced UCLA attack.

The game was a heady defensive struggle from start to finish, with UCLA's man-to-man press causing difficulties for the Big Ten Hoosiers, but the teams were never more than six points apart in the first half and were tied 29-29 at intermission.

Scoring nine of his team-high 16 points before halftime, Alford was the primary reason Indiana stayed in the game. His three baskets helped move the Hoosiers from an 8-6 deficit into an 18-12 lead with 10:14 remaining in the half. Miller, voted the tournament's most valuable player, capped the half by

scoring with 43 seconds left, tying the game.

The Hoosiers outscored UCLA by 6-2 to start the second half before the Bruins started their decisive run. But it still wasn't a cinch, as Indiana kept battling back with center Uwe Blab contributing key points and rebounds. Blab finished with 11 points and 12 rebounds before fouling out late in the game.

The Bruins, after assuming their 50-40 margin, held leads of nine points three times, the last at 61-52 with a little more than a minute to play. Then the Hoosiers made it interesting.

They scored six straight points — four by Kreigh Smith — to pull within 61-58 with :32 remaining. Hatcher hit a foul shot at the 31-

second mark to make it 62-58 before Alford, an U.S. Olympic team guard, hit his 16th point to bring Indiana within two.

The Hoosiers forced a turnover, but UCLA retrieved the ball again and Miller, breaking free at mid-court, went in uncontested for his game-clinching lay-up.

Brad Wright, the hero of Wednesday night's semifinal victory over Louisville, capped the game's scoring with a foul shot with the last 13 seconds for UCLA, which finished 21-12. The Hoosiers closed their season at 19-14.

Indiana placed Alford and Blab on the all-tournament team; they joined UCLA's Miguel, Anthony Richardson of Tennessee and Billy Thompson of Louisville.

Richardson scored 30 points and

Hazzard, who was a senior in 1964 when the Bruins won the first of its titles.

UCLA opened the 1984-85 season with six losses in its first nine games. "Everybody was burying us at the beginning of the year," said Hazzard. "We just worked hard. Any time you win a championship, you run through a test. And this was our test."

The victory was the 12th in the last 13 games for UCLA, which finished 21-12. The Hoosiers closed their season at 19-14.

Indiana placed Alford and Blab on the all-tournament team; they joined UCLA's Miguel, Anthony Richardson of Tennessee and Billy Thompson of Louisville.

Richardson scored 30 points and

keyed a game-deciding burst early in the second half as Tennessee overpowered Louisville, 100-84, in Friday's third-place game.

The loss snapped a streak of 13 consecutive 20-victory seasons for Coach Danny Crum, whose Louisville team finished the season at 19-18.

Tennessee had the game in hand virtually from the middle of the first period, when the Volunteers led by as many as 18 points before Louisville cut the margin to 53-41 at the half.

But Richardson scored 12 points to trigger a 75-54 Volunteer lead with 14 minutes left. Michael Brooks, who had 26 points for Tennessee (22-15), made eight foul shots down the stretch.

Goulet's 2 Goals Spur Nordiques to 3-1 Triumph

QUEBEC — Coach Jacques Demers thought his St. Louis Blues matched up pretty evenly against the Quebec Nordiques Saturday, with one big exception — Michel Goulet.

Goulet carried the Nordiques to

said. "Neither team had many scoring chances, but the difference is that we have no Michel Goulet on our side."

Elsewhere Saturday it was Philadelphia 3, the New York Rangers 0; Montreal 7, Boston 3; New Jersey 6, Pittsburgh 4; Buffalo 2, Hartford 1; Washington 4, the New York Islanders 3; Detroit 9, Toronto 3, and Los Angeles 3, Minnesota 5. On Friday it was Hartford 8, Edmonton 7; Chicago 5, Winnipeg 5, and Calgary 3, Los Angeles 0.

Goulet has scored 57 goals in a season, but he thinks a new personal high is in sight this year. "We still have five games left, and I should be able to get a couple more," he said after scoring Nos. 51 and 52 of the 1984-85 campaign.

That would be just fine with Quebec coach Michel Bergeron, but he also likes the timing of his winger's scoring. "Goulet gets the important goal and that's what you need, especially going into the playoffs," Bergeron said.

Goulet gave Quebec a 2-1 lead with his second goal of the game. It came on a power play at 12:08 of

the third period as he completed a play with J.F. Sauve and Alain Lemieux. Wilf Paiement gave the Nordiques an insurance goal at 16:51 of the third period, taking a pass from Goulet at close range.

The victory was Quebec's third straight and lifted its record to 9-2-2 in the last 13 games.

Each team scored in the opening period. Goulet made it 1-0 at 5:14 by putting Brad Maxwell's rebound past St. Louis goalie Greg Millen. Denis Cyr netted his second goal in two games for the Blues at 12:07 as he took a feed from Mark Reed before beating Mario Gosselin from the lower circle.

Oilers' Kurri Out
Jari Kurri, who leads the NHL with 70 goals and ranks second in scoring behind Edmonton teammate Wayne Gretzky, will be sidelined for 10 days with a broken left hand, The Associated Press reported from Hartford, Connecticut.

Kurri was injured in Thursday's 6-3 defeat in Boston, and did not dress for Friday's 8-7 loss to the Whalers. Club officials expect Kurri back for the playoffs.



Jari Kurri: broken left hand.

Golf Looking for a Top Dog

PONTE VEDRA, Florida — PGA Tour Commissioner Deane Beman said the aim in the Tournament Players Championship, being held on the Players Club at Sawgrass, is to identify "the best golfer in the world." In a couple of months the same course — using the same tees the touring pros are facing last week — will be the testing ground to "determine the worst golfer in the world," Beman said.

"Golf," said the commissioner, "is not completely the deadly serious affair that it can be on the tour. It's fun, a game for a lifetime. And we want to keep the fun in it."

With that in mind, he agreed to provide Sawgrass, the home course of golf's touring pros, as the site for what is billed as "Golf's Longest Day," sponsored by a national golf magazine to determine the number one among backers.

The 18-hole, stroke-play championship will bring together two finalists selected from more than 500 nominations. The match will begin at noon, June 19. It is not known when it will end. "To qualify," a magazine spokesman said, "a competitor must be a man between the ages of 25 and 55, with no physical handicaps, who holds an established USGA handicap of at least 36 (the maximum), plays more than 21 rounds a year, loves the game and has a sense of humor." Nominations closed as of April 1.

Among the nominees: • Michael Bush of Belle Chasse, Louisiana, who, playing in an amateur tournament, failed to drive as far as the ladies' tee on 14 of 18 holes.

• Jerry Ryan of Bohemia, New York, who claims a working handicap of 76.

• The Reverend David Willogby of Meridian, Mississippi, who has played in the Preachers' Golf Association championship twice a year for six years and has failed to come in last only once.

• Nick Texeira of Terra Haute, Indiana, who once shot precisely 100 over par without losing a ball. He did lose a club.

• Ray Walker of Lake City, Florida, who has had some experience on the TPC course and the island green of the 17th hole. "He emptied his bag of balls," the spokesman said. "Emptying the bags of the three men he was playing with. Emptying a bag bag. Walker put 327 consecutive balls in the water and was hitting his 655th shot of the day when he gave up. He took an X."

Clippers' Hot 1st Period Sinks Suns

PHOENIX, Arizona — One way to win is to shoot the lights out early.

Hitting 20 of 23 field-goal attempts, the Los Angeles Clippers shot a blistering 87 percent in the opening period to build a 43-27 first-quarter lead before coasting 117.

On Friday it was Washington 122, New Jersey 98; Boston 121, Philadelphia 108; Houston 121, Golden State 116; Utah 114, San Antonio 109; the Los Angeles Lakers 120, Dallas 115, and Portland 125, Seattle 99.

The Clippers held off a third-quarter rally that saw Phoenix cut an 18-point deficit to six points. An 11-2 tear gave Los Angeles an 87-69 lead at with 4:25 to play in the period. The Suns came back behind Charles Jones (he had eight points in the quarter) and trailed by 91-87 going into the final 12 minutes.

That was as close as they were to come.

Derek Smith scored 28 points

and Junior Bridgeman added 21 to pace the winners. Alvan Adams led Phoenix with 18 points; Lucas and Kyle Macy had 16 each.

All-star forward Larry Nance, making his first appearance after missing 12 games with a groin injury, scored seven points for the Suns.

Michael Cage backed Smith and Bridgeman with 14 points for Los Angeles.

The Clippers' second victory in three days over Phoenix kept them in the running for a Western Conference playoff berth.

The Suns suffered their fourth straight loss and their eighth in nine games.

Phoenix coach John MacLeod said it was difficult to play catch-up after falling behind in the first quarter. "We got behind and then we had to get a good effort and it was just too much. We just can't seem to get going — we can't seem to come out and get the easy baskets that we at one time were getting."



SEASON-ENDERS—While the hard tackle by Frenchman Jean-Patrick Lescarboura on Wales' Richard Moriarty, above, typified the scrappy play of a Five Nations season finale Saturday afternoon in Paris, Ireland won the rugby tournament's championship with a 13-10 victory over England in Dublin. Michael Kiernan's 15-meter (49-foot) drop goal in the final minute gave the Irish a four-match record of three triumphs and a draw. France, with its 14-3 triumph over Wales, finished second on two victories and two draws.

SCOREBOARD

Hockey

NHL Standings

W	L	T	Pts	GF	GA
Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

WALLES CONFERENCE

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

NORTH DIVISION

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

SOUTHERN DIVISION

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

WESTERN DIVISION

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

FRIDAY'S RESULTS

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

SATURDAY'S RESULTS

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

SUNDAY'S RESULTS

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

SUNDAY'S RESULTS

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

SUNDAY'S RESULTS

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

SUNDAY'S RESULTS

Philadelphia	50	29	107	327	239
Washington	44	24	97	308	231
Pittsburgh	39	33	83	334	301
N.Y. Rangers	34	39	77	281	331
Philadelphia	24	44	53	262	340
New Jersey	23	45	9	234	322

